2017
GUIDE TO SEVERANCE & WORKFORCE TRANSITION

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RiseSmart, a Randstad company, is the leading provider of contemporary career transition services for organizations in more than 40 industries and 70 countries. RiseSmart's results-oriented approach to outplacement and redeployment combines highly personalized services with proprietary, cloud-based technology for job seekers. The company provides its corporate customers with outplacement efficiency, specialized training, and secure, cloud-based reporting. Founded in 2007, RiseSmart delivers landing rates exceeding 80 percent and time-to-placement 60 percent faster than national averages. The company has earned awards and recognition from more than a dozen organizations, including Bersin by Deloitte, Gartner Inc., the Brandon Hall Group, and Fortune magazine. For more information, visit www.risesmart.com.

THE 2017 GUIDE TO SEVERANCE & WORKFORCE TRANSITION

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"Knowing what monetary compensation, notification, benefits, and outplacement options to offer in their severance packages helps companies to mitigate risk and legal liability, while positively impacting employee relations and the brand's reputation."

- Sanjay Sathé, President & CEO

WELCOME TO THE 2017 GUIDE TO SEVERANCE

As human resources professionals, we have many opportunities to make a real impact on the lives of our employees, their families, and the communities in which they live – so much so, in fact, that our influence on our employees continues even after they leave the organization. How your company plans for and addresses severance can affect everything from your legal liability to your ability to hire the best talent.

The importance of severance policies and practices, and their impact on a company's reputation and future viability, are some of the reasons we are so passionate about helping human resources departments think strategically about their people and policies. As contemporary providers of outplacement and redeployment services, we are committed to helping organizations improve the outcomes of involuntary separations for both the company and the individual employees who are affected.

This 2017 Guide to Severance and Workforce Transition contains primary data gathered to provide a unique perspective on severance. Until we issued our first report in 2014, organizations didn't have an easy way to benchmark severance policies against competitors and peers. Through this Guide, our goal is to provide the data and insight you need to ensure severance policies are competitive and comprehensive.

Once you read through the Guide, we encourage you to engage in conversation about severance, benefits, and outplacement with others in your organization. While the subject of layoffs is never a popular one, the best time to plan for restructuring events is before they happen. By planning to offer a competitive severance package, a continuation of benefits, and a useful and effective outplacement solution, your organization can better protect and promote its relationships with employees and improve its ability to recruit in the future.

We look forward to hearing your feedback and questions – send us a note **severance@risesmart.com**. We feel certain you'll have positive results if you strategically plan and implement your severance based on this Guide to Severance and Workforce Transition.

EXECUTIVE SUMMARY

KEY FINDINGS

Whether the global economy is booming, remaining steady, or slowing down, organizations often find it necessary to reduce or restructure their workforce based on corporate needs or changes within their industries. During times of contraction - budget cuts, changes in strategy, or mergers and acquisitions - eliminating positions is a common practice.

However common, the elimination of positions is difficult for the impacted employees who must now find employment elsewhere. To ease the transition, temper negative sentiment, and mitigate legal risk to the company, many organizations offer some form of a severance package to transitioning employees.

Through a survey of U.S. businesses with 500 employees or more, we have compiled in-depth benchmarking data regarding the state of severance. The resulting information and insights are designed to help you plan for, and implement, the most competitive severance packages, employee benefits programs, and outplacement services available in your industry.

Our research supports what we have always assumed: Organizations offer severance packages that include outplacement services to mitigate legal risks following a separation. By offering competitive severance and outplacement, companies seek to manage employer reputation among employees, future talent, customers, and prospects, and to avoid negative impacts on their brand.

Current trends, including employee engagement and positive workplace culture expectations, have changed how HR departments and organizations perceive their commitment to employees. Successful companies are expanding their responsibilities to include the entire employee experience, including severance.

In addition, former employee sentiment has taken on greater importance as laid-off workers often remain in the industry and may become customers, partners, or competitors. As companies routinely expand and contract, organizations may seek to rehire valuable talent when they need to expand again. Moreover, the proliferation and importance of social media and online employer rating websites such as Glassdoor, LinkedIn, and Twitter have given power to the recommendations and recriminations of laid-off workers. As companies are learning, current employee and former employee recommendations and ratings can greatly affect an organization's ability to hire and retain talent.

In this new era of corporate responsibility and the growing influence of social media on employer reputation, organizations are changing how they handle severance to foster positive employee relations and protect the employer brand.

In this study, we surveyed over 450 U.S. human resources professionals, nearly 40 percent of whom are vice presidents and directors of HR, and many of whom work at Fortune-ranked organizations.

Of note: Nearly 90 percent of the responding organizations have formal severance policies in place. Half of those organizations vary the calculation for severance packages based on the individual employee's level, tenure, and/or salary. The other half offer a standard plan for all eligible employees.

The Worker Adjustment and Retraining Notification (WARN) Act requires 60 days of working notice. When the WARN Act is invoked, we found that organizations most commonly provide a combination of payment in lieu of notice and working notice, rather than working notice only. Furthermore, **41 percent of organizations provide working notice or a combination of payment in lieu of notice and working notice, even when the WARN Act is not invoked.**

Further, **89 percent of organizations have a standard Consolidated Omnibus Budget Reconciliation Act (COBRA) or health plan continuation for all employees**, which may include paying employees a lump sum to partially or fully cover COBRA or insurance premiums, benefits continuance, or other forms of coverage. Many organizations also employ different strategies for retention during the period of working notice, such as retention bonuses or flexible work arrangements.

Even during a reduction in force, many organizations continue actively recruiting new talent in other divisions or departments. Yet, only 45 percent of organizations have formal programs in place to redeploy impacted employees into open positions within the company. **Redeployment reduces severance, unemployment, training, and hiring costs, and allows companies to retain their most valuable talent.** Without the support of an outside organization, redeployment can be a challenging initiative, even for larger organizations.

Nearly half of companies surveyed are not taking advantage of an outplacement program as part of severance, despite the potential for cost savings and the importance of maintaining a positive company culture. **The right outplacement strategy can positively affect the competitiveness of your severance package and should be considered a priority and offered to employees at all job levels - not just key players.**

This Guide expands upon these findings and offers in-depth benchmarking data and insights to help you compare your severance, benefits, and outplacement policies and practices to other organizations of various sizes and across a variety of industries.

> The choice to offer outplacement to employees only at or above the professional level represents a risk for many organizations.

SEVERANCE POLICY & PLANS

SEVERANCE ELIGIBILITY

Severance packages are offered for a variety of reasons, including the elimination of a position, a reduction in force, an organizational restructuring, a legal settlement, a difficult termination, or a termination due to poor performance.

The top reasons for offering severance are win-win scenarios for organizations. Companies offering competitive severance packages hope to "project an employee-first culture" and "protect brand reputation" above all else. These companies hope to establish themselves as great organizations to work for, to do business with, and to invest in. Offering severance communicates to current and future employees that the company will protect their best interests and that working for a company with a great reputation is personally beneficial.

Companies choose to offer severance to put their stated company values into practice and to establish a competitive advantage in the market. Offering severance is a way to mitigate the risk of damaged employee relations in the event of a layoff or termination. Without a way to measure alumni sentiment, these effects can be hard to quantify. Protecting the brand and promoting a positive work culture is more important to most companies than limiting liability. Legal liability, a side effect of a layoff or termination, is commonly but incorrectly considered the primary reason companies offer severance.

Other reasons employers cited for offering competitive severance packages included attracting talent, leveraging good employee relations now into good customer relations in the future, turning goodwill into a solution for the talent shortage, and continued brand equity and customer retention.

The top five reasons companies offer severance in 2017 remain unchanged from those in 2014, showing that corporate attitudes towards severance have changed little over the last few years due to the benefits enjoyed by both employers and employees.

The top five reasons your company offers severance packages to displaced employees:

1	Project an "employee-first" company culture	54%
1	Protect brand reputation	54%
3	Limit company liability	51%
4	Recruit talent	45%
5	Maintain a positive relationship with a potential customer	44%

Top five cases in which organizations offer severance packages to employees:

1	Elimination of position	69%
2	Workforce reduction	67%
3	Organizational restructuring	65%
4	Legal settlement situations	52%
5	Business relocation	46%

While many companies offer severance to all employees during involuntary separation, more than half do not offer severance to all exiting employees. This represents an area of unique opportunity for organizations of all sizes. Given the liability, brand equity, and talent acquisition ramifications, organizations can improve efforts to plan and orchestrate separation with employees at all levels.

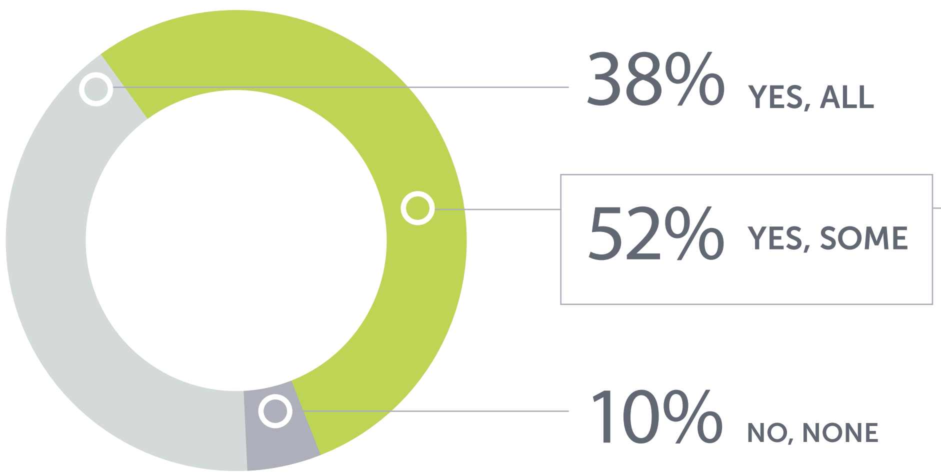
Not surprisingly, the chance of employee eligibility for some form of severance increases with company size. Sixteen percent of companies with 500 to 1,000 employees don't offer any severance for involuntary separation compared to a mere six percent of companies with more than 10,000 employees. While larger organizations may have more resources to offer severance packages, smaller companies are putting themselves at risk by offering no severance whatsoever.

Company size also plays a key role in determining the extent to which certain levels of employees are offered severance for involuntary separation. Among organizations not offering severance to all employees, 87 percent offer severance to officers and senior executives, while only 61 percent offer severance to administrative and clerical employees.

The percentage of companies providing severance to employees at various levels increases as company size increases. For example, in companies with 500 to 1,000 employees, 80 percent provide severance to officers and senior executives, 73 percent to managers and professionals, and 49 percent to administrative and clerical employees. As company size increases, so does its level of participation in severance, with 91 percent of companies with over 10,000 employees offering severance to officers and senior executives, 83 percent to managers and professionals, and 67 percent to administrative and clerical employees.

Because reduction in force or organizational restructuring events often affect many more employees below the professional level than above it, not offering severance may have a negative impact on the number of employees who choose to respond with legal action or speak negatively about the company on social media.

Are all employees eligible for severance resulting from involuntary separation?



If not all, which of your employees are eligible for severance resulting from involuntary separation?

CALCULATION

More than half of our respondents indicated they do not have a standard severance plan for all employees, opting instead for differentiated plans. Severance packages are commonly scaled according to experience level, job title, and position within the organization. These results mirror those we gathered in 2014 and demonstrate that factors such as employee level or tenure continue to determine which severance packages, if any, are offered.

While the trend toward offering severance to all employees is a positive one, 13 percent of respondents still do not have a formal, written severance policy. Given the current climate and the risk of legal liability, these companies are vulnerable.

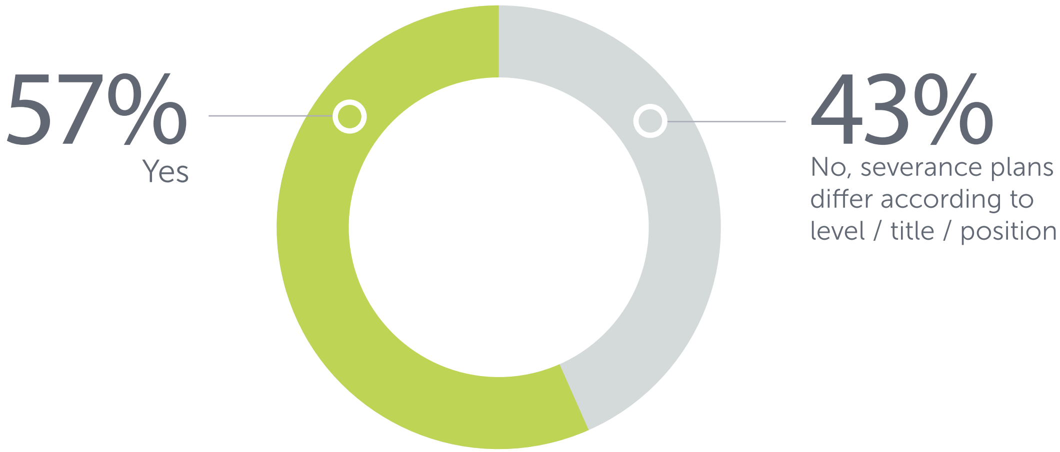
Is there a standard severance plan for all employees who are eligible?

The top three factors in calculating their severance were:

	All Employees	Managers and Professionals Only	Administrative / Clerical Employees Only
1	Tenure	Tenure	Tenure
2	Base Salary	Job Level / Title	Base Salary
3	Job Level / Title	Base Salary	Job Level / Title

We expected to see employee level play a reduced factor in 2017 severance calculations as companies focus more on fairness in compensation and reward. In the 2014 study, the top factor for calculating severance for all employees was tenure, followed by job level, then base salary. In 2017, the data shows no change at the manager and professional level. However, the shift in compensation and reward fairness appears at the severance calculation for the administrative level, as base salary has become the second most common factor in calculating severance payout.

Does your organization have general severance agreements for officers / senior executives?



For officers / senior executives with individual severance agreements, how is cash severance determined?

Combination of years of service and salary	81%
Based on years of service only	10%
Based on salary only	7%
Other	2%

Of those with standard severance payouts, the average amount of equivalent salary offered to employees of these organizations were:

1. **6 months**
2. **3** months
3. **1** month

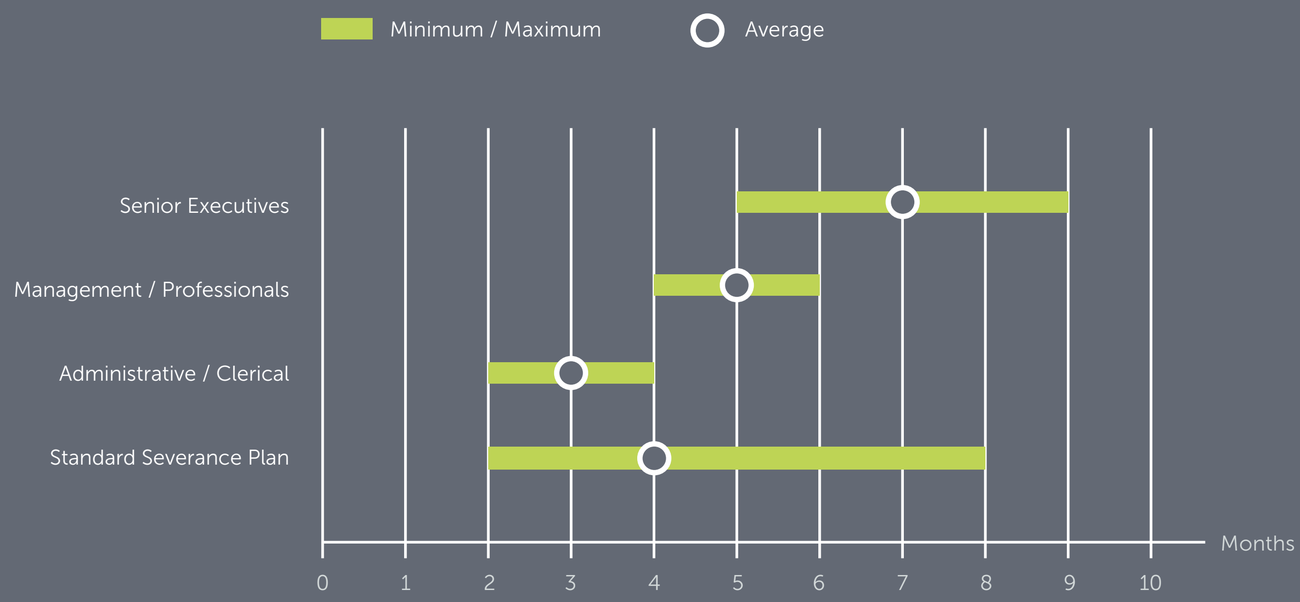
The amount of time for which companies offer equivalent salary payouts increased in 2017. In the 2014 study, the most common timeframe for equivalent salary offered to employees was three months, followed by two months, and then one month. For 2017, six months of equivalent salary is the most common timeframe - a shift toward more generous severance payouts among companies with 500 to 10,000 employees. For companies with over 10,000 employees, the most common time for equivalent salary severance payout is three months.

Does your organization have a formal, written severance policy / standard operating procedure (SOP)?

Yes, we have a formal written policy/SOP	**87%**
No, we have an informal policy	13%

Companies that cited they have varying formulas based on specific factors according to employee level / tenure have varying levels of average payout:

For the purpose of benchmarking, we have chosen to highlight the weighted average of the minimum, maximum, and average severance payouts, based on employee job title. For comparison purposes, we also included data for companies that have a standard severance plan for all eligible employees, regardless of level or tenure. **Companies that determine severance payout by job title provide lower average severance payouts to administrative and clerical employees than those with a standard plan and offer a narrower range of payouts for management and professionals that those with a standard plan.**



NOTIFICATION

The Worker Readjustment and Retraining (WARN) Act requires employers to give 60 days' advance notice to employees impacted by plant closings and mass layoffs. When the WARN Act does not apply, companies must make informed decisions about how and when they will notify employees of their separation.

For layoff events not impacted by the federal or state WARN Act, on average, how much notification is given to employees?

Less than 1 week	9%
1-2 weeks	**21%**
3-4 weeks	14%
30 days	**20%**
45-60 days	18%
90 days	7%
More than 90 days	2%
Depends on the situation	9%

For layoff events not impacted by the federal or state WARN Act, 30 percent of organizations offer only two weeks' notification or less to employees, while 20 percent offer 30 days. 45- to 60-day notice was cited as the second most common maximum time given. However, nearly ten percent of organizations stated that the number varies and depends on the situation.

When the WARN Act is triggered, nearly a quarter of organizations surveyed offer working notice, allowing impacted employees to remain with the company for 60 days while beginning their transition, and another 20 percent offer payment in lieu of notice. The most common response, at 26 percent, is to offer a combination of payment in lieu of notice and working notice, in order to provide flexibility to both employer and employee. This is a shift from 2014, when the most common offering from companies was to provide working notice. Additionally, 19 percent of organizations decide whether they will offer working notice or payment in lieu of notice based on the position of the employee instead of relying on a standard blanket notification policy.

When the WARN Act is not triggered, only 19 percent of organizations offer working notice at varying levels, and another 19 percent offer payment in lieu of notice. Much like when the WARN Act is triggered, a quarter of companies opt to offer a combination of payment in lieu of notice and working notice.

When the WARN Act is not triggered, there is a greater discrepancy in whether or not organizations hold a standard notification policy for all employees, with a quarter of organizations stating that working notice or payment in lieu of notice depends entirely on the position of the employee.

When the WARN Act is triggered, does your organization provide payment in lieu of notice, working notice, or another alternative?

Combination of payment in lieu of notice and working notice	**26%**
Working notice	21%
Payment in lieu of notice	20%
Depends entirely on the position of the employee	19%
Don't know	14%
Other	1%

When the WARN Act is not triggered, does your organization provide payment in lieu of notice, working notice, or another alternative?

Depends entirely on the position of the employee	**25%**
Combination of payment in lieu of notice and working notice	22%
Payment in lieu of notice	19%
Working notice	19%
Don't know	14%
Other	1%

For instances when the WARN Act is not triggered, and payment in lieu of notice is given, over 25 percent of respondents stated that two weeks salary is typically provided.

For some organizations, working notice and payment in lieu of notice are separate from the severance package. At others, they are considered part of the severance package. Nearly half of respondents stated that they separate working notice and payment in lieu of notice, compared to 41 percent that consider both a part of the package.

Are working notice and/or payment in lieu of notice considered a part of your severance package?

Working notice and payment in lieu of notice are separate	**43%**
Working notice and payment in lieu of notice are considered part of the package	41%
Don't know	15%
Other	1%

As part of the trend toward employee fairness, employers are giving more time for employees to sign a release of claims in 2017 than they did in 2014. The majority of organizations now require employees under 40 years of age to sign a release of claims between 7 days and 30 days. In 2014, only five percent of organizations gave employees under the age of 40 a full 30 days to sign a release of claims.

Employers are also showing more generosity toward employees over the age of 40 than they did in 2014. The trend in 2017 is to offer from 60 to 90 days for employees over the age of 40 to sign a release of claims form. While more companies are offering more time to sign the release of claims form, the majority of employers in surveys in 2014 and 2017 provide only the legally required 21 to 45 days.

For employees under the age of 40, how much time is typically given to sign a release of claims or waiver form?

Less than 7 days	15%
7 days	**20%**
14 days	18%
21 days	18%
30 days	**21%**
45 days	3%
60 days	4%
Other	1%

For employees over the age of 40, how much time is typically given to sign a release of claims or waiver form?

We provide more than legally required (90 days)	6%
We provide more than legally required (60 days)	25%
We provide the legally required amount of time (21-45 days)	**68%**
Other	1%

Does your organization require a release of claims in exchange for the severance package?

BENEFITS

Although benefits take many forms, health care and insurance are still the focus for most employers and employees before, during, and after an employee's tenure at a company.

The percentage of organizations offering a standard severance package to employees, regardless of position, has remained steady since 2014 at 49 percent. Of the 49 percent of organizations with standard packages, a majority offer some form of retirement benefits, and over half offer some form of health benefits continuance, or COBRA, and/or outplacement services to displaced employees.

In order to remain competitive in the market and attractive to future talent, more companies are including benefits outside of health care as part of their severance packages in 2017 than in 2014.

At least half of the companies surveyed view previously eligible payments and retirement planning services as important, and at least 35 percent offer previously eligible bonuses, retirement planning, retirement benefits, continuation of stock options, life insurance, financial planning, education, and disability benefits.

In the event of an involuntary separation, is there a standard severance package for employees, regardless of position?

The use of outplacement services offers advantages for organizations concerned with employee wellbeing, liability, and brand protection. In 2017, 58 percent of companies have recognized the value of outplacement and are including it in their severance packages. For a large percentage of companies, offering outplacement still represents a huge potential to influence their brand image and protect their bottom line.

If yes, which of the following benefits are included in the standard severance package for employees?

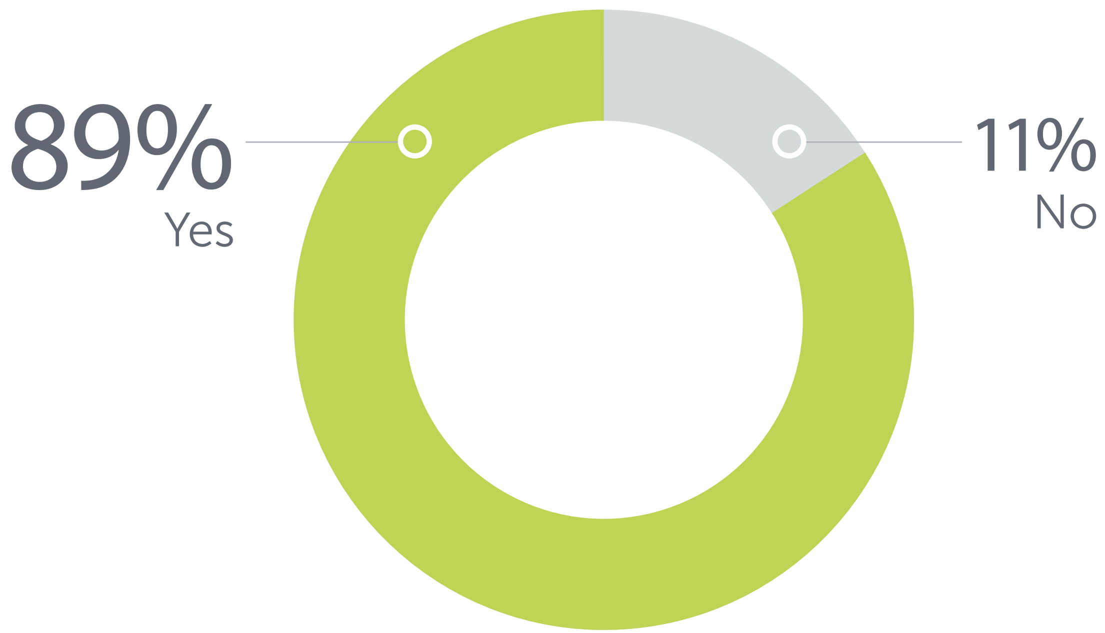
Retirement benefits	62%
Health benefits continuance or COBRA	59%
Outplacement services	58%
Payment of bonuses for which employee was previously eligible (e.g. commission)	53%
Retirement planning services	50%
Education or retraining	44%
Life insurance	43%
Financial planning	42%
Continuation of stock options	41%
Long term disability	40%
Short term disability	36%

Breakdown of benefits by job level:

	Officers / Senior Executives	Managers / Professionals	Administrative / Clerical
Health benefits continuance or COBRA	71%	68%	53%
Retirement benefits	61%	49%	36%
Payment of bonuses for which employee was previously eligible (e.g. commission)	59%	51%	37%
Outplacement services	57%	45%	34%
Retirement planning services	56%	38%	26%
Life insurance	53%	45%	30%
Financial planning	47%	36%	22%
Continuation of stock options	43%	36%	23%
Short term disability	43%	35%	20%
Long term disability	38%	31%	19%
Education or retraining	34%	32%	20%

There has been a significant shift in how employers choose to cover COBRA or insurance premiums for exiting employees. The majority of organizations have a standard COBRA or health plan continuation for all employees in the event of a mass layoff. However, in 2017, the most common option is for companies to give employees a lump sum to fully or partially cover COBRA or insurance premiums. More than one quarter of companies that have a standard COBRA or health plan continuation for all employees pay insurance premium payments directly to the employee, a quarter partially cover insurance premiums, and a quarter provide benefits continuance. This represents a notable shift from 2014 when 35 percent of companies preferred to offer benefits continuance, and 29 percent paid premiums directly to the insurance companies.

Does your company have a standard policy for COBRA or health plan continuation for all employees upon a mass layoff event?



If yes, what type of standard COBRA or health plan continuation is offered to employees upon a mass layoff event?

We give employees a lump sum to fully or partially cover COBRA/insurance premiums (with intent that employees pay the insurance company directly)	**45%**
We provide benefits continuance	17%
We pay COBRA/insurance premium payments directly to the insurance company	12%
We fully reimburse employees for COBRA/insurance premium payments the employee has made directly to insurance company	8%
We partially reimburse employees for COBRA/insurance premium payments the employee has made directly to insurance company	8%
We provide a set of predetermined funds for premiums	7%
Other	3%

For the 11 percent of organizations that do not provide a single standardized health continuance plan, a breakdown of what type of COBRA or health plan continuance is offered by job level follows:

	Officers / Senior Executives	Managers / Professionals	Administrative / Clerical
We give employees a lump sum to fully or partially cover COBRA/insurance premiums (with intent that employees pay the insurance company directly)	9%	15%	13%
We provide benefits continuance	11%	15%	13%
We pay COBRA/insurance premium payments directly to the insurance company	20%	12%	17%
We fully reimburse employees for COBRA/insurance premium payments the employee has made directly to insurance company	29%	15%	7%
We partially reimburse employees COBRA/insurance premium payments	23%	26%	13%
We provide a set of predetermined funds for premiums	9%	18%	3%

If your organization pays for COBRA coverage OR if you provide benefits continuance, on average what is the length of the benefit?

Benefits coverage period is equivalent to severance salary (e.g., four months of benefits and four months of salary)	49%
Benefits coverage period is half of severance salary (e.g., two months of benefits and four months of salary)	30%
Don't know	13%
Other	8%

EMPLOYER BRAND PROTECTION

RETENTION

The benefit of working notice for employees is twofold. First, it offers impacted employees the opportunity to begin their transition while still receiving compensation. Secondly, working notice allows organizations to retain key talent during a critical time in restructuring, in some cases extending from six to twelve months. One situation that may require a longer period of working notice is when jobs are being outsourced. In these cases, an employer may make the strategic decision to retain key talent long enough to train outsourced employees. However, impacted employees may choose to leave before working notice has been completed, leaving the company without the necessary talent.

Organizations currently employ several different strategies for retention of crucial talent during a working notice, including:

Retention bonuses	**52%**
More flexibility and / or work arrangements for that time period	51%
Payment of upcoming bonuses that employees would have been eligible for after termination	39%
More robust severance package	30%
Other	2%

Who gets retention?

Entire workforce	**38%**
High performers	36%
Senior officers	32%
Key contributors	31%
High-demand skills	24%
No retention agreements	17%
Leadership potential	11%

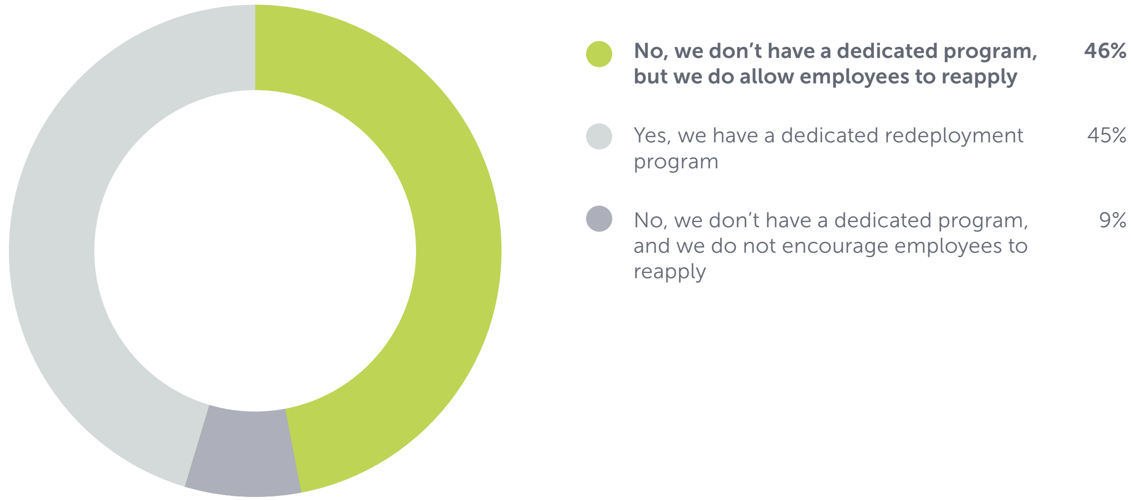
Seventeen percent of those surveyed stated that they do not have any retention agreements in place. These companies are at risk of losing key contributors, not having enough talent to get the job done, and losing high performers.

REDEPLOYMENT

In 2017, the majority of organizations allow employees to apply for positions in divisions or departments across the company other than the ones where they currently work. Nearly half of those surveyed have a dedicated redeployment program. These organizations have realized the benefits of redeployment and understand that redeployment offers organizations the opportunity to protect their employer brand and positively impact morale among impacted and non-impacted employees. Redeployment has the added benefit of significant savings from costs associated with layoffs, including severance payouts, unemployment insurance, possible legal fees, and future recruiting, hiring, and training costs.

The most successful redeployment programs empower employees to identify internal jobs, connect with the right people, and receive coaching and preparation to successfully land a new position within the organization. While a majority of companies manage their redeployment programs internally rather than use a third-party vendor, few companies have the resources to provide all the services that make redeployment successful, and most realize only moderate success with their internal programs. Working with a third-party redeployment vendor increases the chances of a successful internal program through job matching technology, social networking capabilities, and employee coaching not normally available through the participating company.

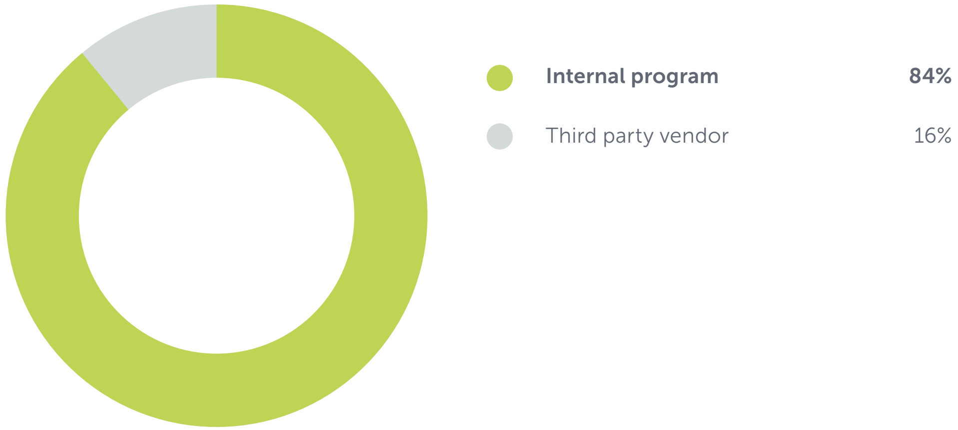
Does your organization currently have a structured redeployment program to help impacted employees find open internal positions?



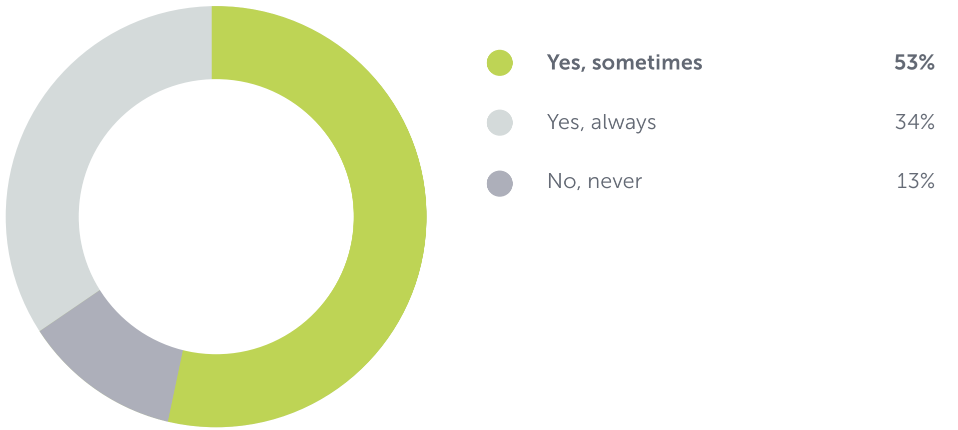
Of those companies offering redeployment to employees impacted by layoffs, 87 percent always or sometimes provide employees with the opportunity to find a job inside the company, typically for 30 to 60 days after layoff notifications begin. Nearly 60 percent of the time, an employee must be in good standing to be considered for redeployment.

Companies with an internal culture of mobility have established redeployment as a standard workforce management program, whether or not there is a restructuring or downsizing event. These organizations have realized the benefits of retaining top-performing employees by offering role flexibility and reassigning talented employees to suitable positions during a reorganization or acquisition to meet core business goals.

If your company has a structured redeployment program, is it run internally or through a 3rd party vendor?



After identifying people for a reduction, do you first offer them a period of eligibility for redeployment after notification but before the layoff begins?



How long are employees offered redeployment after notification and before the layoff begins?

0-2 weeks	8%
3-4 weeks	25%
30-60 days	**46%**
61-90 days	14%
Longer than 90 days	7%

Which employees are eligible for redeployment?

Employees in good standing	**59%**
Management	51%
Senior executives	49%
Officers	47%
Professionals	47%
Administrative	42%

Which services do you offer as a part of your redeployment program?

Internal job leads	**67%**
Resume support	56%
Job search coaching	49%
Job skills webinars	31%
Resiliency training / emotional support	29%
Internal career fairs	27%
Mastermind groups (focus groups of peers meeting to share goals and hold one another accountable to meeting)	20%

What percentage of your laid-off employee population lands a job with your organization through redeployment on average?

Less than 10%	26%
10-25%	**35%**
26-50%	26%
51-75%	11%
More than 75%	2%

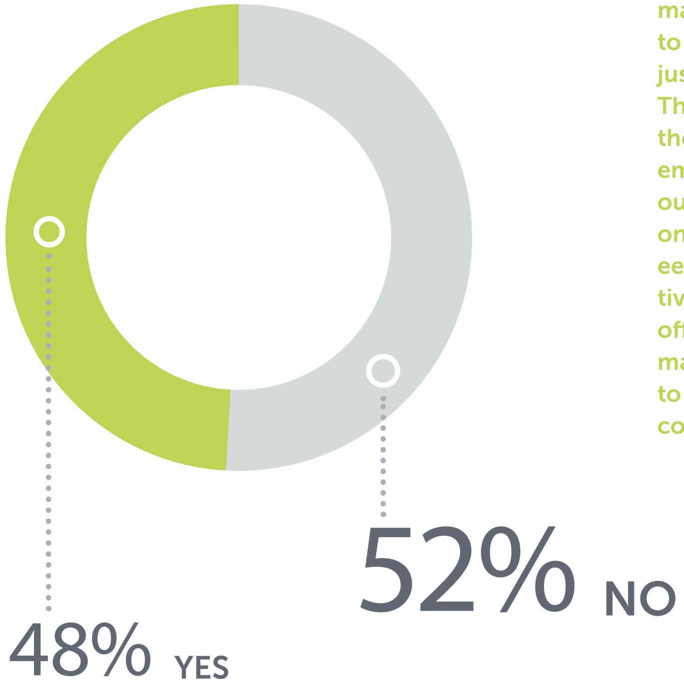
OUTPLACEMENT

Nearly half of the organizations surveyed realize the many benefits of offering outplacement services as an integral part of their severance packages. They realize the importance of maintaining good relationships with all employees and the likelihood that an impacted employee may transition into a role where they become a potential partner or customer. Offering outplacement helps employees make the transition out of the organization and into their next role - thereby increasing the likelihood of a positive relationship with the company in the future.

Those companies seeking to create and maintain a positive work culture and elevated employee engagement know that outplacement not only helps displaced employees obtain a faster time-to-land, but it also increases engagement for retained employees.

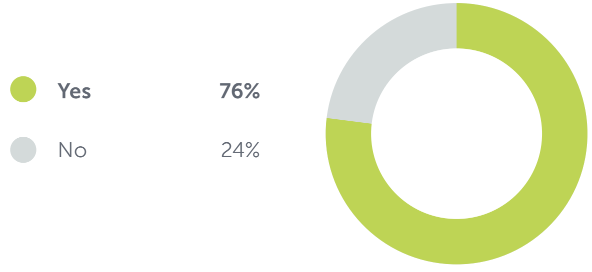
That said, over half of all companies are missing out on the potential benefits of outplacement, and a majority of organizations do not offer outplacement to impacted employees as a part of their severance policies, exposing themselves to negative branding and future recruiting challenges.

Does your organization offer outplacement services as a part of severance?



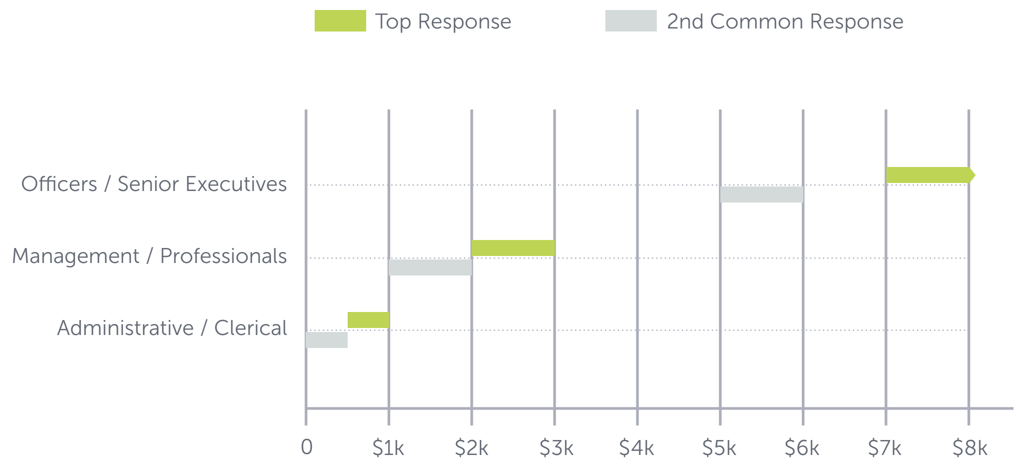
More than three quarters of respondents indicated that they offer outplacement services to non-exempt and unionized employees and the majority of employers offer outplacement services to all employees across job level and tenure, not just to key players or upper-level management. These trends show the growing understanding of the importance of offering outplacement to all employees. However, among companies offering outplacement, the majority offer outplacement only to managerial and professional-level employees and fewer offer outplacement to administrative and clerical staff. While the trend is toward offering outplacement as a standard practice, a majority of companies still have an opportunity to adopt practices that will positively affect their corporate image and bottom line goals.

If yes, do you provide outplacement services to non-exempt employees and unionized employees?



Is the average cost of outplacement approximately the same for all employees?

When a company indicated variable average outplacement spend based on job level or title, the top two responses per employee were as follows:



In 2017, companies are choosing to offer outplacement to a greater number of employees. Nearly two-thirds of companies now offer all employees either three or six months of outplacement services, with some offering employees one to two months of services and only a small number offering one year of outplacement services. In contrast, in 2014, 13 percent of companies offered employees one year of outplacement services and a mere six percent of companies offered employees one to two months of outplacement services.

Is there a standard length of time offered for outplacement?

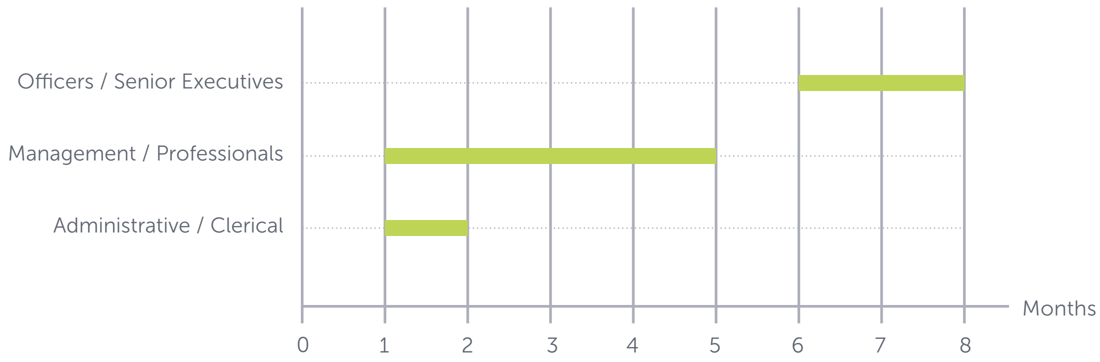
78% YES

22% NO

If there is a standard length of time, how long are outplacement services typically offered?

1-2 months	15%
3-5 months	**35%**
6-8 months	**30%**
9-11 months	9%
1 year	3%
More than 1 year	2%
Other	2%
Varies	4%

Of those organizations that typically offer varying lengths of outplacement services based on job level or title, the following are the approximate program lengths for each level as stated by the survey participants:



Outplacement presents a significant opportunity for all organizations, yet it remains underutilized. Outplacement is an effective strategy for companies wanting to limit legal liability, take care of employees, and protect their brands.

Among the companies surveyed that offer outplacement as part of a severance package, nearly one quarter use outplacement services that deliver a blend of personalized services and technology. New trends in the workforce, including non-traditional work spaces, flexible work arrangements, the Gig Economy, and mobile device adoption have created a shift to more contemporary and agile outplacement offerings that reflect the needs of today's workers.

Companies are responding to workplace trends by re-examining HR tools and processes and evaluating the types of services they offer to remain competitive. For example, 23 percent of respondents are using a technology-only outplacement model without coaching and services from professionals, and 11 percent are using virtual outplacement services that include a mix of technology and services delivered live over the phone and internet, instead of in an office.

Less than half of respondents are choosing a traditional outplacement model, where services are delivered in-person at a vendor's office. Only a decade ago, this traditional model was the only way outplacement was delivered. Since then, we have seen a huge shift towards the inclusion of technology and virtual services in response to quickly changing employee preferences and business norms.

Effective outplacement, as a benefit of separation, can be an integral part of an organization's strategy for promoting employee well-being, limiting liability, and protecting the employer brand. Offering services that allow employees to engage on their own time and transition into new roles quickly creates positive ripples in employee, customer, partner, and potential candidate perception. On the other hand, offering no outplacement or ineffective or unengaging services can expose organizations to negative consequences.

Outplacement has traditionally been a service-based industry, requiring participants to engage with career counseling services at the service provider's physical workplace. Today, the most successful outplacement programs support their coaching and other services with state-of-the-art-technology, allowing participants to engage with services virtually, receive intelligently matched job leads electronically, and access career content online.

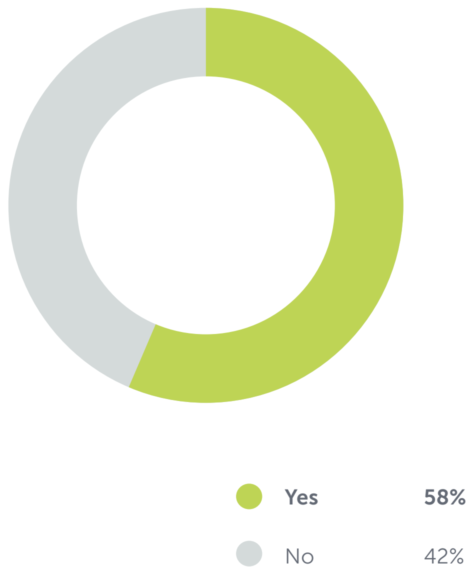
What type of outplacement do you offer?

Traditional outplacement (primarily in-person meetings or workshops at the vendor's office)	**41%**
Technology-only outplacement (uses only a technology platform and no coaching)	23%
Blended outplacement (employees can choose to receive services in-office and/or virtually)	21%
Virtual outplacement services that include a mix of technology and services	11%
We deliver in-house outplacement services only and do not work with a third-party	4%

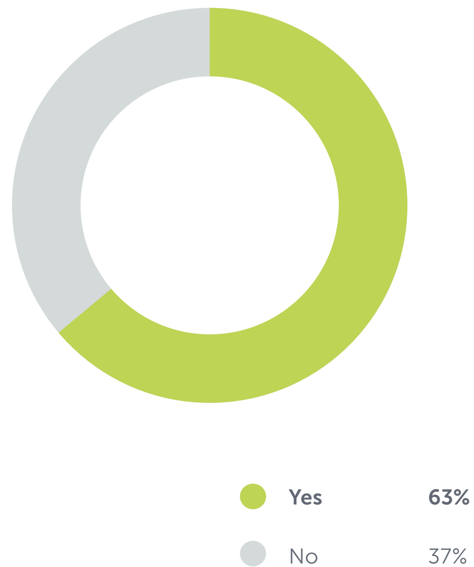
In the last three years, companies have become more savvy about monitoring social media to take the pulse of their employees and former employees. Although the majority of companies understand the influence of social media on branding and reputation, nearly half are still not monitoring employer review or rating sites, such as Glassdoor and LinkedIn, and many are not monitoring social media for comments by employees made during major layoff and restructuring events.

More companies are monitoring social media now than in 2014, when more than half of companies did not monitor review sites like Glassdoor. In 2017, there is a surprisingly large minority of companies not taking advantage of the insights gleaned from the sentiments of current and former employees. This gap in attention to the power of social media and the potential for damage to the employer brand represents an opportunity for companies to further protect their reputations and improve their competitive edge.

Do you monitor employer review/rating sites for positive or negative comments after a layoff?



Do you monitor social media for positive or negative comments after a layoff?



CONCLUSION

CONCLUSION

It is clear from this survey that the majority of organizations have already put some thought into severance, benefits, and outplacement packages—yet the opportunity exists for many organizations to strategically tie their goals to their offerings.

Based on the findings, we can suggest several best practices to help you plan your severance strategy moving forward:

» **Consider why you offer severance:** Instead of simply offering severance, understand your specific drivers and goals. Goals such as improving employee relations, limiting liability, and maintaining positive employer branding are all good business reasons to offer well-rounded severance packages to your exiting employees.

» **Ninety percent of surveyed organizations already have a formal severance policy. If you don't have one in place, ask yourself "Why not?":** Formalizing severance provides great benefits to both your organization and your impacted employees. If you already have a formal policy, review it annually to make sure your goals for severance, business initiatives, compliance, and industry norms are in alignment.

» **Evaluate your current career transition solution:** Redeployment and outplacement have a positive impact on improving employee relations and protecting employer branding, while reducing the risk of litigation. Offer redeployment and outplacement with a contemporary outplacement provider as part of a comprehensive severance package to realize the many benefits for your brand.

» **Monitor your employer brand during a layoff:** Protecting the brand is a top concern, but a significant percentage of organizations don't do anything to actually measure sentiment. With the proliferation of employee review sites and social channels, it is easy for a negative post or tweet to impact the company's brand. Remain aware of what is being said about the company online during major events, like layoffs, and choose an outplacement provider that can measure alumni sentiment and return on investment.

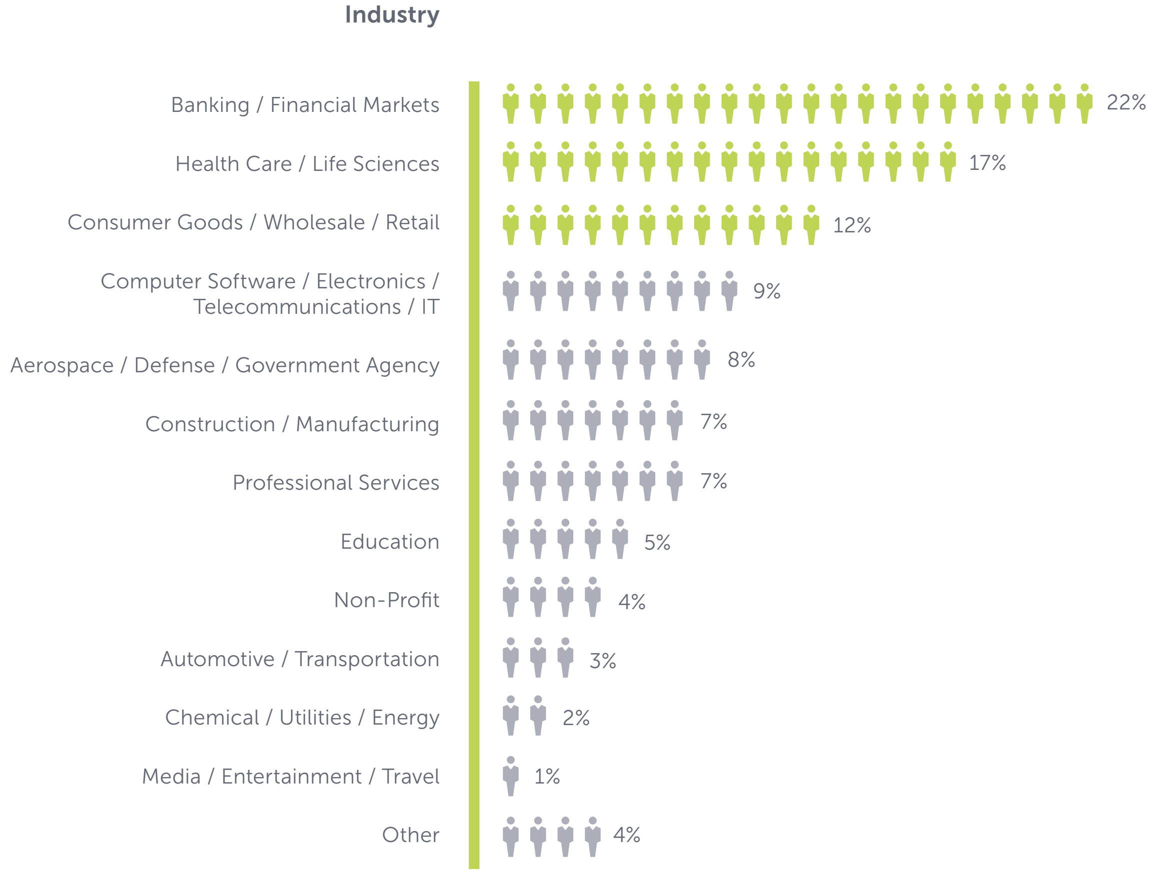
We look forward to expanding upon this Guide and its offered data and best practices in order to help you continue to benchmark, refine, and improve your severance packages.

**This Severance Guide is intended for general information purposes only and does not and is not intended to constitute legal advice. We recommend that you consult with your own legal counsel to determine how laws or recommendations discussed herein apply to your specific circumstances.*

PARTICIPANT PROFILES

PARTICIPANT PROFILES

Over 450 HR professionals across more than 18 industries in the United States participated in this severance study. The study was open to companies with 500 employees or more, with 44 percent of survey respondents coming from Fortune 500-ranked companies. Nearly 40 percent of re-spondents are director level and above, including VP and CHRO titleholders.



Is your company Fortune-ranked?

Yes, a Fortune 100	16%
Yes, a Fortune 500	28%
Yes, a Fortune 1000	11%
No	45%

Participant Title

CHRO	3%
Senior Leader / Executive	8%
VP, Human Resources	10%
Director, Human Resources	18%
Assoc. Director, Human Resources	7%
Senior Human Resources Manager	6%
Human Resources Manager	29%
Compensation & Benefits Manager	5%
Other	14%

Number of Employees

500 - 1,000	21%
1,001 - 3,000	22%
3,001 - 5,000	13%
5,001 - 7,500	12%
7,501 - 10,000	8%
10,001 - 20,000	10%
20,001 or more	15%

Revenue Generated in 2016

Less than $10 million	7%
$10 - 49 million	14%
$50 - 99 million	9%
$100 - 499 million	15%
$500 - 999 million	12%
$1 billion - 9 billion	16%
$10 - 49 billion	8%
$50 - 100 billion	7%
More than $100 billion	6%
N/A (Government or non-profit)	6%

INDUSTRIES WITH THE MOST RESPONDENTS

1

BANKING / FINANCIAL MARKETS

2

HEALTHCARE / LIFE SCIENCE

3

CONSUMER GOODS / WHOLE-SALE / RETAIL

37%

OF ORGANIZATIONS HAVE A REVENUE OF

$1 BILLION

OR MORE

13%

OF RESPONDENTS ARE
VP OF HUMAN RESOURCES OR CHRO

25%

OF ORGANIZATIONS HAVE

10,000

EMPLOYEES OR MORE

55%

OF RESPONDENTS CAME FROM
FORTUNE-RANKED COMPANIES

39%

OF RESPONDENTS ARE
DIRECTOR LEVEL AND ABOVE

BENCHMARKING DATA

BENCHMARKS BY INDUSTRY

KEY QUESTIONS BY INDUSTRY

Are all employees eligible for severance resulting from involuntary separation?

Aerospace, Defense & Government Agency	Yes, all	23%
	Yes, some	53%
	No, none	23%
Banking/Financial Markets	Yes, all	48%
	Yes, some	46%
	No, none	5%
Computer Software, Electronics/ Telecommunications, Information Technology	Yes, all	49%
	Yes, some	40%
	No, none	12%
Construction/Manufacturing	Yes, all	40%
	Yes, some	50%
	No, none	10%
Consumer Goods/Packaging & Wholesale/Retail	Yes, all	37%
	Yes, some	50%
	No, none	13%
Healthcare & Life Sciences	Yes, all	41%
	Yes, some	53%
	No, none	7%
Professional Services	Yes, all	23%
	Yes, some	73%
	No, none	3%

If not all, which of your employees are eligible for severance resulting from involuntary separation?

	Officers & Senior Execs	Managers & Professional	Administrative/ Clerical
Aerospace, Defense & Government Agency	68%	61%	58%
Banking/Financial Markets	92%	80%	62%
Computer Software, Electronics/ Telecommunications, Information Technology	86%	79%	65%
Construction/Manufacturing	89%	86%	68%
Consumer Goods/Packaging & Wholesale/Retail	87%	74%	57%
Healthcare & Life Sciences	91%	88%	64%
Professional Services	90%	87%	47%

Is there a standard severance plan for all employees who are eligible?

	No, severance plans differ according to level/title/position	Yes
Aerospace, Defense & Government Agency	46%	54%
Banking/Financial Markets	38%	62%
Computer Software, Electronics/ Telecommunications, Information Technology	43%	57%
Construction/Manufacturing	58%	42%
Consumer Goods/Packaging & Wholesale/Retail	61%	39%
Healthcare & Life Sciences	56%	44%
Professional Services	59%	41%

Of those with standard severance payouts, the average amount of equivalent salary offered to employees of these organizations were:

Aerospace, Defense & Government Agency	1 week's salary	9%
	1 month's salary	9%
	3 month's salary	18%
	6 month's salary	45%
	More than 1 year's salary	9%
	Other	9%
Banking/Financial Markets	1 week's salary	7%
	2 week's salary	12%
	3 week's salary	5%
	1 month's salary	10%
	2 month's salary	8%
	3 month's salary	24%
	6 month's salary	19%
	1 year's salary	12%
	More than 1 year's salary	3%
Computer Software, Electronics/ Telecommunications, Information Technology	1 week's salary	7%
	2 week's salary	7%
	3 week's salary	7%
	1 month's salary	14%
	2 month's salary	25%
	3 month's salary	7%
	6 month's salary	25%
	1 year's salary	7%
Construction/Manufacturing	No minimum	7%
	1 week's salary	7%
	2 week's salary	14%
	1 month's salary	21%
	2 month's salary	14%
	3 month's salary	7%
	6 month's salary	29%
Consumer Goods/Packaging & Wholesale/Retail	No minimum	9%
	1 week's salary	4%
	1 month's salary	13%
	2 month's salary	13%
	3 month's salary	4%
	6 month's salary	26%
	1 year's salary	13%
	More than 1 year's salary	4%
	Other	13%
Healthcare & Life Sciences	1 week's salary	3%
	3 week's salary	11%
	1 month's salary	8%
	2 month's salary	17%
	3 month's salary	22%
	6 month's salary	17%
	1 year's salary	22%
Professional Services	No minimum	10%
	2 week's salary	20%
	1 month's salary	10%
	3 month's salary	30%
	6 month's salary	20%
	More than 1 year's salary	10%

KEY QUESTIONS BY INDUSTRY

For layoff events not impacted by the federal or state WARN Act, on average, how much notification is given to employees?

Aerospace, Defense & Government Agency	Day-of or one day's notice	4%
	1-2 weeks' notice	37%
	30-day notice	7%
	45-60 day notice	30%
	90-day notice	4%
	More than 90-day notice	7%
	Depends on situation	11%
Banking/Financial Markets	Day-of or one day's notice	4%
	1-2 weeks' notice	27%
	3-4 weeks' notice	21%
	30-day notice	14%
	45-60 day notice	22%
	90-day notice	6%
	More than 90-day notice	1%
	Depends on situation	4%
Computer Software, Electronics/ Telecommunications, Information Technology	Day-of or one day's notice	5%
	1-2 weeks' notice	8%
	3-4 weeks' notice	21%
	30-day notice	28%
	45-60 day notice	13%
	90-day notice	10%
	More than 90-day notice	3%
	Depends on situation	13%
Construction/Manufacturing	Day-of or one day's notice	19%
	1-2 weeks' notice	30%
	3-4 weeks' notice	11%
	30-day notice	19%
	45-60 day notice	4%
	90-day notice	4%
	Depends on situation	15%
Consumer Goods/Packaging & Wholesale/Retail	Day-of or one day's notice	9%
	1-2 weeks' notice	30%
	3-4 weeks' notice	11%
	30-day notice	26%
	45-60 day notice	9%
	90-day notice	6%
	Depends on situation	11%
Healthcare & Life Sciences	Day-of or one day's notice	12%
	1-2 weeks' notice	18%
	3-4 weeks' notice	12%
	30-day notice	18%
	45-60 day notice	21%
	90-day notice	9%
	More than 90-day notice	1%
	Depends on situation	10%
Professional Services	Day-of or one day's notice	8%
	1-2 weeks' notice	12%
	3-4 weeks' notice	8%
	30-day notice	32%
	45-60 day notice	20%
	90-day notice	8%
	Depends on situation	12%

If you have a standard policy for COBRA or health plan continuation for all employees upon a mass layoff event, which of the following benefits are included in the standard severance package for employees?

	Aerospace, Defense & Government Agency	Banking/Financial Markets	Computer Software, Electronics/ Telecommunications, Information Technology	Construction/ Manufacturing	Consumer Goods/Packaging & Wholesale/ Retail	Healthcare & Life Sciences	Professional Services
We give employees a lump sum to fully or partially cover COBRA/insurance premiums (with intent that employees pay the insurance company directly)	43%	57%	64%	45%	42%	51%	21%
We provide benefits continuance	26%	11%	12%	45%	19%	10%	0%
We pay COBRA/insurance premium payments directly to the insurance company	16%	11%	4%	5%	11%	6%	32%
We fully reimburse employees for COBRA/insurance premium payments the employee has made directly to insurance company	0%	3%	8%	0%	3%	18%	21%
We partially reimburse employees COBRA/insurance premium payments the employee has made directly to insurance company	5%	12%	8%	5%	6%	4%	16%
We provide a set of predetermined funds for premiums	0%	5%	4%	0%	17%	8%	5%
Other	11%	2%	0%	0%	3%	2%	5%

BENCHMARKS BY COMPANY SIZE

KEY QUESTIONS BY COMPANY SIZE

Are all employees eligible for severance resulting from involuntary separation?

500-1,000	Yes, all	33%
	Yes, some	51%
	No, none	16%
1,001-5,000	Yes, all	35%
	Yes, some	56%
	No, none	9%
5,001-10,000	Yes, all	51%
	Yes, some	40%
	No, none	8%
10,001 or more	Yes, all	38%
	Yes, some	56%
	No, none	6%

If not all, which of your employees are eligible for severance resulting from involuntary separation?

	Officers & Senior Execs	Managers & Professional	Administrative/ Clerical
500-1,000	80%	73%	49%
1,001-5,000	87%	82%	59%
5,001-10,000	89%	80%	72%
10,001 or more	91%	83%	97%

Is there a standard severance plan for all employees who are eligible?

	No, severance plans differ according to level/title/position	Yes
500-1,000	54%	46%
1,001-5,000	52%	48%
5,001-10,000	40%	60%
10,001 or more	56%	44%

Of those with standard severance payouts, the average amount of equivalent salary offered to employees of these organizations were:

500-1,000	No minimum	2%
	1 week's salary	5%
	2 weeks' salary	10%
	1 month's salary	12%
	2 month's salary	10%
	3 month's salary	17%
	6 month's salary	26%
	1 year's salary	17%
	More than 1 year's salary	2%
1,001-5,000	No minimum	3%
	1 week's salary	5%
	2 week's salary	8%
	3 week's salary	6%
	1 month's salary	16%
	2 month's salary	16%
	3 month's salary	17%
	6 month's salary	22%
	1 year's salary	6%
	More than 1 year's salary	1%
5,001-10,000	1 week's salary	4%
	2 week's salary	4%
	3 week's salary	8%
	1 month's salary	18%
	2 month's salary	12%
	3 month's salary	12%
	6 month's salary	24%
	1 year's salary	10%
	More than 1 year's salary	4%
	Other	2%
10,001 or more	No minimum	6%
	1 week's salary	6%
	2 week's salary	8%
	3 week's salary	2%
	1 month's salary	8%
	2 month's salary	13%
	3 month's salary	21%
	6 month's salary	15%
	1 year's salary	12%
	More than 1 year's salary	2%
	Other	8%

KEY QUESTIONS BY COMPANY SIZE

For layoff events not impacted by the federal or state WARN Act, on average, how much notification is given to employees?

500-1,000	Day-of or one day's notice	7%
	1-2 weeks' notice	22%
	3-4 weeks' notice	11%
	30-day notice	23%
	45-60 day notice	16%
	90-day notice	5%
	More than 90-day notice	2%
	Depends on situation	14%
1,001-5,000	Day-of or one day's notice	11%
	1-2 weeks' notice	25%
	3-4 weeks' notice	16%
	30-day notice	19%
	45-60 day notice	11%
	90-day notice	7%
	More than 90-day notice	2%
	Depends on situation	9%
5,001-10,000	Day-of or one day's notice	9%
	1-2 weeks' notice	22%
	3-4 weeks' notice	11%
	30-day notice	18%
	45-60 day notice	25%
	90-day notice	9%
	Depends on situation	6%
10,001 or more	Day-of or one day's notice	5%
	1-2 weeks' notice	15%
	3-4 weeks' notice	15%
	30-day notice	24%
	45-60 day notice	23%
	90-day notice	7%
	More than 90-day notice	2%
	Depends on situation	8%
	Other	1%

If you have a standard policy for COBRA or health plan continuation for all employees upon a mass layoff event , which of the following benefits are included in the standard severance package for employees?

	500-1,000	1,001-5,000	5,001-10,000	10,001 or more
We give employees a lump sum to fully or partially cover COBRA/insurance premiums (with intent that employees pay the insurance company directly)	43%	45%	54%	37%
We provide benefits continuance	17%	17%	16%	21%
We pay COBRA/insurance premium payments directly to the insurance company	13%	14%	7%	10%
We fully reimburse employees for COBRA/insurance premium payments the employee has made directly to insurance company	11%	10%	5%	6%
We partially reimburse employees COBRA/insurance premium payments the employee has made directly to insurance company	9%	7%	7%	10%
We provide a set of predetermined funds for premiums	6%	5%	7%	10%
Other	2%	2%	4%	4%

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