

Severance allowance calculator

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LENGTH OF EMPLOYEE'S SERVICE (complete years)	SEVERANCE ALLOWANCE (number of week's wages payable)
1	2
2	4
3	6
4	8
5	10
6	12
7	14
8	16
9	18
10	20
11	23
12 or more	26

Notes To Calculator

In accordance with Section 23 of the Employment Act 2000, an employee who has completed at least one year of continuous employment is entitled to be paid severance allowance on termination of their employment in certain circumstances.

These circumstances are listed in the Act as:

- a) redundancy;
- b) winding up or insolvency of employer;
- c) death of employer;
- d) death of an employee from an occupational disease or accident resulting from their employment.

The severance allowance will be payable by an employer in addition to payment for any notice period under the contract of employment (or if no notice period is stated in the employee's contract, the minimum notice period provided by the Employment Act 2000 e.g. 1 week if employee paid weekly, 2 weeks if employee paid fortnightly, 1 month in all other cases).

If an employee's week's wages vary from week to week, the average wage earned by them over the previous 12 weeks should be used as the basis to calculate the severance allowance. Wages should normally be taken to include commission earned by employees but not tips, bonuses or the monetary value of any benefits in kind (e.g. the value of the company car or a housing allowance).