

# The ultimate employee termination checklist

Terminating an employee is an unpleasant yet sometimes necessary responsibility as part of the Human Resources team. It is also a vital part of the job, however, and poorly handled terminations can be a significant legal risk. With discrimination and retaliation lawsuits skyrocketing, you can never be careful enough when handling such matters.

Having an employee termination checklist in place will make the process less challenging and ensure you've considered all angles of the termination process.

## Prepare for the termination

Terminating an employee can be challenging and emotion-fueled. That's why you have to protect the company's best interests by ensuring you have detailed documentation showcasing you've followed company policy related to employee discipline and termination leading up to the termination.

Your documentation should include all details related to performance reviews, warnings, improvement plans, and disciplinary actions.

## Have a private conversation about the termination

Once you determine you're ready to fire your employee, you want to have a conversation with them about the termination.

In some circumstances, you might find the termination is voluntary. In this case, the employee should submit a formal resignation. If it's a verbal conversation, you can provide them with written confirmation of the resignation, so it's documented.

If it's an involuntary termination, you should also provide them with a resignation letter along with a severance agreement if applicable. For example, if an employee is terminated due to layoffs then they may also get a severance.

Either way, once the termination is official, you can share what will take place moving forward so they're clear about what to expect in the coming days and weeks.

## Collect all company property

Once you terminate your employee, it's crucial that you collect all company property.

This includes the company car, credit card, cell phone, laptop, office keys, business cards, nameplate, name badge, uniforms, tools, and other items. You can begin the collection process before or on their date of termination, depending on what they need to fulfill their job duties until their last day. Otherwise, you may need to arrange for some remaining supplies to be dropped off or delivered.

## **Remove employee's physical and computer access**

You want to maintain the security of your facility and network and the safety of your employees, so removing access by the terminated employee is a must.

You should remove their access to the company's computer network and ensure they can't log into other systems either. Also, regarding physical security, be sure to get back all IDs, key fobs, and other security access items. If they fail to return them and you can disarm them remotely, be sure to do so or flag in the system that they're still in the former employee's possession.

Other IT access that you should update includes:

- Disabling their email account.
- Removing their contact information from the office phone list.
- Disabling their phone extension and voicemail.

## **Provide relevant paperwork**

You'll want to provide any relevant end of employment paperwork digitally or in paper format.

### **These document might include:**

- A letter about employee benefits and how they're affected after termination, including life insurance and supplemental insurance.
- FSA and HSA funds and account reimbursement deadlines.
- PTO/vacation time balance and how it'll be processed during the termination.
- Retirement plan options.
- Information about continuing their health insurance through the COBRA program.

## **Collect follow up contact information**

You may have to remain in contact with the terminated employee beyond their last day. In this case, you should ensure you have their updated contact information, including their mailing address and phone number.

While they may not understand why this is important, you should explain the reasoning behind needing their contact information. They will be more willing to share and keep you updated over time if it changes. Contact information can be needed for sending tax forms and contact them about any post-employment agreements.

## **Hold an exit interview**

Depending on the termination circumstances, this might be a big ask, but if possible, you want to hold an exit interview. During the interview, you can ask questions related to what they liked and disliked about working at the company. This is important even with terminated employees because their experience can help you make informed decisions moving forward.

## **Announce the termination**

While you don't have to release details related to the termination, company employees and stakeholders should be aware of who's no longer working with the company.

### **Some people to include in this conversation are:**

- The HR department as they'll be active in all phases of the termination process.

- Payroll department so they can manage outstanding balances for money owed to the company and process their final paycheck with any applicable PTO/unused vacation time or severance pay.
- Clients and customers who were in contact with the employee.
- Other employees, so there's clarity around who's an employee and who isn't.

Another reason to be transparent about the termination is safety. Disgruntled former employees sometimes pose a safety risk, and everyone should be aware of who should and shouldn't be in the building based on their current employment status.

## Update employee records

To ensure you have all your information squared away, you should update employee records within your payroll and HR software indicating the employee is no longer working with the company.

Also, ensure their employee file indicates your reasoning for terminating the employee and includes any relevant information supporting your decision, including performance evaluations, meeting notes, and disciplinary records.

You'll want to move their personnel file and Form I-9 to the terminated employee files and terminated employee I-9s, respectively.

According to the IRS, you should maintain your employee records for at least 4 years after their last day of employment.

## Disburse their final paycheck

One of the last things an employee will need upon termination is their final paycheck.

Sometimes you make the final payment as usual, but other times, you'll have to manage special circumstances. Here are some you might come across.

- **Your employee owes the company.** Your employee might owe the company for unreturned equipment, the personal time they have accrued, a payment advance, property damages, or other costs. In this situation, if they owe more than their paycheck amount, you'll need to collect the balance from them, and they won't receive payment in their final check.
- **The company owes the employee.** You might owe your employee more in their last paycheck to account for costs related to unused paid time off, reimbursements, or other amounts owed to the employee for various reasons.

While you likely pay most employees through direct deposit; those who receive a paper check, will either receive their final check-in person or in the mail.

## Review your employee termination checklist over time

As you implement this checklist over time, you might discover you need to update it to add or remove steps in the process. This is recommended so your process best fits the needs of your company.