

COMPUTATION OF SEVERANCE PAY

Protection of Employment Act, No. 20/2003

Section 25 (1) The rate of severance pay which is payable by an employer shall be:

- (a) two weeks pay for each year of continuous service for the first ten years
- (b) three weeks pay for each further year of continuous service from eleven to twenty-five years
- (c) four weeks pay for each further year of continuous service in excess of twenty-five years

Example

(Based on a pay rate of \$2500 per month for a total of 27 years)

\$2500 monthly salary x 12 months = \$30,000 (annual income)

$\frac{\$30,000}{52 \text{ weeks}} = \576.92307 (average weekly income)

From year 1 to year 10 — 2 weeks pay x 10 years = 20 weeks pay

From year 11 to year 25 (15 years) — 3 weeks pay x 15 years = 45 weeks pay

From year 26 to year 27 (2 years) — 4 weeks pay x 2 years = 8 weeks pay

Total number of weeks = 73 weeks

Severance Pay = 73 weeks x \$576.92307 = \$42,115.38