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Changes to Employee Termination Entitlements in Effect on February 1, 2024 for Federally Regulated Employers

Caitlin Russell

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Federally regulated employers should be aware of two significant changes to the *Canada Labour Code* (the Code) coming into force on February 1, 2024, which will enhance entitlements to employees upon termination of their employment.

The first change requires employers to provide employees with enhanced notice of termination entitlements which will increase on a graduated scale with consecutive years of service. The second change requires employers to provide employees with a statement of benefits upon termination outlining their vacation, wages, severance pay, and any other pay or benefits they are entitled to upon termination. More details of the changes are outlined below.

1. Increased Termination Entitlements

Currently, under Section 230 of the Code, upon termination of an individual employee's employment without cause, employers must provide a minimum of two weeks' notice of termination or pay in lieu of notice to all employees who have completed at least three months of service. Unlike statutory notice periods under provincial employment standards legislation, the two-week notice requirement prescribed by the Code does not currently increase with years of service.

The notice requirement is in addition to statutory severance pay, which is owed to employees who have completed at least 12 consecutive months of employment before their dismissal and is equal to a payment of two additional days of regular wages for each full year of service, with a minimum payment equal to five days' wages.

As of February 1, 2024, the two-week notice requirement will be replaced with a graduated notice requirement as set out below. This is in addition to any statutory severance amounts the employee may be entitled to under the Code, which will remain unchanged.

Weeks' Notice (or Pay in Lieu)	Completed Period of Employment
2	3 months
3	3 years
4	4 years

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5	5 years
6	6 years
7	7 years
8	8+ years

2. Statement of Benefits

Effective February 1, 2024, employers will also need to provide a written statement of benefits to employees upon termination of their employment outlining their vacation, wages, severance pay, and any other pay or benefits they are entitled to upon termination. This requirement already exists in relation to employees in a group termination under the Code. The statement must be given to the employee by the following deadlines:

1. If the employee is given working notice of termination, as soon as possible but no later than two weeks before the date of the termination;
2. If the employee is given pay in lieu of notice, no later than the date of the termination; or
3. If the employee is given a combination of working notice and pay in lieu, as soon as possible but no later than two weeks before the date of the termination, unless the period of notice is shorter, in which case, no later than the day on which the employer gives notice to the employee of the date of termination.

Takeaway for Employers

Federally regulated employers should review their employment contracts and practices to ensure they comply with these requirements. Notably, employment contracts that include termination clauses that aligned with the previous minimum notice requirements may now provide for insufficient notice periods and may no longer be enforceable.

For more information, please contact a member of the Cassels [Employment & Labour Group](#).

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