

Termination Toolkit



California
Employers
Association™

Contents

Final Wages (REQUIRED)	3
Final Pay – Terminated Employee:	3
Final Pay – Employee Resigns/Quits.....	3
Notices and Forms (REQUIRED)	4
Access/Company Property	5
Additional Considerations: Terminating Multiple Employees	5

This material is provided for general information and is not a substitute for legal advice. Consult an attorney for advice concerning specific situations.



Terminations are difficult for everyone, including both managers and employees. This tool kit is designed to give managers an overview of how to 'rightfully' terminate an employee with the required and best practices in California.

Final Wages (REQUIRED)

Final Pay – Terminated Employee:

According to [Cal. Labor Code Ann. §§ 201 and 227.3](#), an employee who is **discharged** has rights to all wages due, *including accrued vacation*, at the time of termination.

- Issue final paycheck with any accrued and unused PTO/Vacation ([Final Pay Fact Sheet](#)). (**Note:** CA Paid Sick Leave is not paid out at termination unless it has been added into a PTO or Vacation plan.)
- Process commission check per commission agreement (if applicable)
- Process expense reimbursements consistent with your policy (if applicable)

Location:

- The place of the final wage payment for employees who are terminated (or laid off) is the place of termination.
- Any previously authorized direct deposit agreement is immediately terminated when an employee quits or is discharged. To pay the final paycheck by direct deposit, the employee must authorize a new agreement for the final check, and the employer must still ensure to comply with the Labor Code's timing requirements.

Timing (notice vs. without notice):

- An employee who is terminated must be paid all wages **at the time of termination**.

Final Pay – Employee Resigns/Quits

The timing of final pay when an employee resigns or quits depends on the amount of advanced notice the employee provides. Employers must:

- Issue final paycheck with any accrued and unused PTO/Vacation ([Final Pay Fact Sheet](#)). (**Note:** CA Paid Sick Leave is not paid out at termination unless it has been added into a PTO or Vacation plan.)
- Process commission check per commission agreement (if applicable)
- Process expense reimbursements consistent with your policy (if applicable)

Location:

- Any previously authorized direct deposit agreement is immediately terminated when an employee quits or is discharged. To pay the final paycheck by direct deposit, the



employee must authorize a new agreement for the final check, and the employer must still ensure to comply with the Labor Code's timing requirements.

- The place of final wage payment for employees who **quit without giving 72 hours'** prior notice and who do not request that their final wages be mailed to them at a designated address, is at the office of the employer within the county in which the work was performed.

Timing (notice vs. without notice):

- An employee who **quits giving** 72 hours' prior notice must be paid all wages on the final day worked.
- An employee who **quits without giving** 72 hours' prior notice must be paid all wages within 72 hours of quitting. (Employee may request the final wage payment be mailed to a designated address. The date of mailing will be considered the date of payment for purposes of the requirement to provide payment within 72 hours of the notice of quitting.)

Notices and Forms (REQUIRED)

Per [Cal. Labor Code Ann. § 2808\(b\)](#), employers must provide to employees, upon termination, notification of all continuation, disability extension, and conversion coverage options under any employer-sponsored coverage for which the employee may remain eligible after employment terminates.

Healthcare and disability:

- Employers must notify covered employees who have been terminated or resigned of their benefits continuation rights. Cal-COBRA (Employers with 2 – 19 employees) or COBRA (Employers with 20+ employees) must be offered to both employees of small employers and employees covered under federal COBRA. Notify carrier of termination, or if self-administered provide:
 - Continuation of Coverage Under COBRA and Certificate of Group Health Coverage HIPPA
 - COBRA Continuation Coverage Election Notice
 - Acknowledgement of the Receipt of COBRA Rights
 - Certificate of Group Health Plan Coverage
- [Form DHCS 9061](#), *Notice to Terminating Employees — Health Insurance Premium Payment (HIPP) Program* to certain covered employees. (For employers with 20 or more employees.)

Unemployment Insurance:

- [For Your Benefit](#) notice of unemployment programs must be provided to all discharged or laid off employees no later than the effective date of the discharge or layoff.
- [A Notice to Employee as to Change in Relationship](#) form must be provided to all discharged or laid off employees immediately upon termination unless the



employee has voluntarily quit, has been promoted or demoted, there has been change in work assignment or location, or if work stopped due to a trade dispute.

Resigning Employees:

- Employers may use this **optional** [Voluntary Resignation Form](#) to document an employee's voluntary resignation.

If an employee resigns, be sure to accept the resignation in writing upon receipt of the employee's notice.

Access/Company Property

Close Company Accounts:

- If the terminated employee has company credit cards, they should be canceled on the day of the termination meeting. Be prepared to deactivate the terminated employee's access codes and passwords to entry points and company email/other accounts immediately after the termination meeting.
- Some commonly issued items include: keys, parking pass, ID badge, electronics (phone, laptop, tablet), uniforms.

Plan for the Transition:

- Work with other department managers to create a plan for the terminated employee's projects and tasks to be transferred to others. Have a succession plan ready to implement soon after the termination meeting.
- Avoid notifying the employee's coworkers of the termination before the employee is notified.
- Remove the terminated employee's name from company websites, mailing lists, and other documents.
- Forward emails to employee's supervisor or other designated person.

Additional Considerations: Terminating Multiple Employees

If you are ending the employment relationship or mandating an unpaid leave of absence for a *group of employees*, you may have additional considerations and obligations, including advance notice requirements. Refer to our [Terminating Multiple Employees Fact Sheet](#) for more information.