

e2r Alert!

CAN WORK-SHARING WORK FOR YOU?

As 2011 comes to an end and companies start planning for 2012, financial considerations may require employers to consider downsizing. In situations where an employer is facing financial difficulties and, consequently, needs to reduce its headcount, it traditionally has two options: lay-off or terminate employees. That being said, one additional option that is often overlooked involves making an agreement with the affected employees to enter into a Work-Sharing arrangement.

Work-Sharing is a Canadian Federal Government initiative that enables employers to deal with a business downturn without having to lay-off or terminate employees. Under a Work-Sharing agreement, employers can shorten their employees' work week by .5 of a day to 3 days, and pay those employees reduced wages. For the hours, days, or shifts that employees do not work, Service Canada arranges for those employees who are eligible for Employment Insurance to receive benefits, which helps to compensate for the lower wages they receive from the employer.

Employers and employees benefit from a Work-Sharing arrangement in that employers retain their valuable work-force and avoid future recruitment and training expenses and employees avoid the hardships associated with a lay-off and termination.

The duration of a Work-Sharing agreement must be a minimum of 6 consecutive weeks and a maximum of 26 consecutive weeks. Recently, as part of the Federal Government's Economic Action Plan, it announced an extension to the Work-Sharing program. Currently active Work-Sharing agreements can be extended up to 54 weeks.

Does a Work-Sharing arrangement seem like something that is appropriate for your current business circumstances? Consider the following list of eligibility criteria:

- Employers must have been in business in Canada year-round for at least 2 years.
- Employers must demonstrate that the need to reduce hours is temporary, unavoidable and not seasonal.
- A "recovery plan" must be submitted by employers which outlines the recovery initiatives that will be undertaken by the company during the period of the agreement.

If Work-Sharing seems like a practical option for your company, we encourage you to contact an e2r Solutions® Service Provider to discuss the possibility in further detail.

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