

Say Goodbye to the 24 Month Reasonable Notice “Limit”!

A very recent case from Ontario is an indication to employers that the 24 month “limit” on reasonable notice no longer exists. The Judge in *Dawe v. Equitable Life Insurance Company* awarded Mr. Dawe 30 months of reasonable notice and expressed that he would have awarded even more!

Here’s why:

Mr. Dawe was employed for a combined 37 years. He was a Senior Vice President, 62 years old and earning just shy of \$400,000 at the time he was terminated without cause in 2015. It is important to note that prior to being terminated Mr. Dawe had commenced the process of retirement planning but had made no decision as to when he would retire. Mr. Dawe expressed that he was committed to working until at least age 65.

Following his termination, Mr. Dawe sued Equitable Life seeking 30 months of reasonable notice. Equitable Life argued the 24 month “cap” was applicable to Mr. Dawe.

Looking at Mr. Dawe’s age, position, service time, the availability of similar employment and the fact that he was likely to work for Equitable Life until retirement age, the Judge concluded that his without cause termination was the equivalent to a forced retirement.

In those circumstances, the Judge concluded that a 30 month notice period was more than reasonable. He went on to say that Mr. Dawe should have been allowed to retire on his own terms and felt that the case warranted a **minimum 36 month notice period!**

This is just one of many decisions that highlights the immense value of enforceable employment agreements with a well drafted termination provision. Leaving the determination of entitlement upon termination up to a Judge could be a very costly endeavour!!

If you have any questions regarding employment agreements or if you would like your employment agreements reviewed, please contact e2r® to speak with an Advisor.