

Suspending Your Business: Employee Plan

One of the most important elements when suspending your business is to make sure your employees are taken care of before the business closes. The first and most important step is to make sure everyone is aware that you have a deployment plan and what will happen to them if you are deployed.

Your plan must cover the following:

- ◆ Who you will retain as employees and for how long; who, if anyone, you will keep on after the business is closed to resolve unfinished business.
- ◆ What the employees are entitled to receive upon notice that the business is closing, including salary continuation, benefits, leftover vacation pay, references, and/or outplacement.
- ◆ The specific duties each employee will take on prior to the closing of your business, including who will close accounts and perform other close-out duties.
- ◆ How you will handle final payroll and the timeline for the payout of benefits.

State and federal laws: When you close your business, it is important to pay attention to state and federal laws that dictate your responsibilities to your employees. Most states require employers to give employees their final paychecks on their last day of work or within a certain amount of time; some states also require that accrued, unused vacation days to be paid out at the same time. In addition, you must file the final employment tax returns and make final federal tax deposits of these taxes. Speak with your attorney to ensure you comply with all laws pertaining to your employees.

Timing: Another important decision to make is how soon you will notify your employees that the business will be closing. It is important that you provide them with adequate notice; however, if you fear notifying employees will cause a mass exodus of employees before you are ready to lose staff support, only tell key employees right away of your plans to close. Be sure to give the rest of your employees at least two weeks' notice.

References: Where appropriate, give references to help employees find a new job. By providing them in advance with a letter of reference, they will be better equipped to move on after the business closes. If you have contacts at other companies that may be hiring, it may also be appropriate for you to try and secure jobs for your employees.