

Calculation tool dismissal of (older) employees

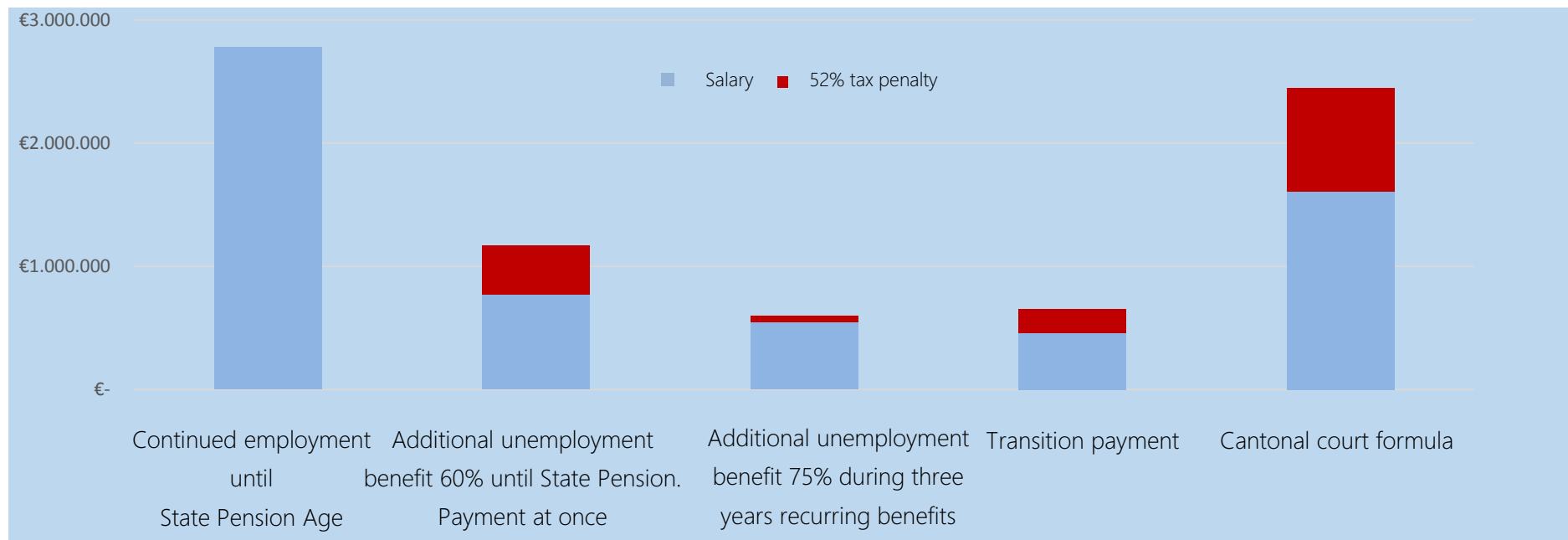
Why a dismissal redundancy scheme?

When an employer would like to terminate the employment of (older) employees, this is usually intended for enduring professions or because of a reorganization. A dismissal scheme could be part of the solution, but it could also trigger risks. In principle, at least the transition payment must be provided, but in certain situations a dismissal payment could qualify as an Early Retirement Scheme (RVU). Consequently, the employer is obliged to pay an additional 52% tax penalty. In this light, in order to design an appropriate, affordable and legally correct dismissal scheme is quite a task.

Your challenge, our solution

Which formula should be taken as a starting point for the compensation or dismissal scheme? What are the outcomes at collective and individual level? Is a 52% tax penalty due? The KWPS Calculation tool offers a solution. For all types of dismissal schemes, we calculate the costs for the employer, including the 52% tax penalty that may be due. It becomes clear what the financial consequences of different dismissal schemes are. The KWPS calculation tool can be used for voluntary dismissal schemes, reorganisations based on an age-independent criterion and early retirement schemes.

Example outcome of the calculation tool: [total costs](#) (four different dismissal schemes for eleven older employees)



Example: findings calculation tool: costs per employee

Employee	Continued employment until State Pension Age			Additional unemployment benefit 60%			Additional unemployment benefit 75%			Transition payment			Cantonal court formula		
	Salary	52% tax	Total	Salary	52% tax	Total	Salary	52% tax	Total	Salary	52% tax	Total	Salary	52% tax	Total
1	€ 126,418	N/A	€ 126,418	€ 35,520	€ 18,471	€ 53,991	€ 24,291	€ 260	€ 24,551	€ 19,490	€ 10,135	€ 29,624	€ 80,850	€ 40,042	€ 122,892
2	€ 56,016	N/A	€ 56,016	€ 2,410	€ 1,253	€ 3,664	€ 4,993	€ 292	€ 5,285	€ 20,981	€ 10,910	€ 31,891	€ 45,217	€ 23,513	€ 68,730
3	€ 266,378	N/A	€ 266,378	€ 90,851	€ 47,243	€ 138,094	€ 34,701	€ -	€ 34,701	€ 20,660	€ -	€ 20,660	€ 90,750	€ 47,190	€ 137,940
4	€ 139,162	N/A	€ 139,162	€ 30,772	€ 16,001	€ 46,773	€ 34,701	€ 372	€ 35,073	€ 26,779	€ 13,935	€ 40,734	€ 112,283	€ 58,387	€ 170,670
5	€ 164,037	N/A	€ 164,037	€ 41,665	€ 21,666	€ 63,332	€ 31,676	€ 300	€ 31,977	€ 30,532	€ 15,786	€ 46,408	€ 120,161	€ 62,484	€ 182,645
6	€ 237,847	N/A	€ 237,847	€ 73,629	€ 38,287	€ 111,916	€ 33,036	€ 320	€ 33,356	€ 39,521	€ 20,551	€ 60,071	€ 133,467	€ 69,043	€ 202,869
7	€ 310,830	N/A	€ 310,830	€ 102,077	€ 53,080	€ 155,157	€ 34,396	€ 340	€ 34,736	€ 28,704	€ -	€ 28,704	€ 116,534	€ 60,054	€ 176,858
8	€ 474,565	N/A	€ 474,565	€ 149,284	€ 77,628	€ 226,912	€ 87,465	€ 12,404	€ 99,869	€ 49,386	€ -	€ 49,386	€ 211,722	€ 110,096	€ 321,818
9	€ 265,095	N/A	€ 265,095	€ 51,504	€ 26,782	€ 78,286	€ 82,778	€ 13,642	€ 94,419	€ 77,782	€ 40,187	€ 117,469	€ 208,483	€ 108,411	€ 316,895
10	€ 436,404	N/A	€ 436,404	€ 130,452	€ 67,835	€ 198,286	€ 87,465	€ 12,404	€ 99,869	€ 75,547	€ 37,725	€ 110,272	€ 253,000	€ 131,560	€ 384,560
11	€ 301,887	N/A	€ 301,887	€ 62,753	€ 32,632	€ 95,385	€ 87,465	€ 13,322	€ 100,788	€ 78,016	€ 40,568	€ 118,585	€ 238,520	€ 124,030	€ 362,550

Simple comparison and optimization on the spot

During a meeting we can calculate the above and many other dismissal schemes and scenarios using the KWPS calculation tool. We include your preferences in the tool. The results are shown immediately, both on a collective and on an individual level. Dismissal schemes are therefore easy to compare from an economical perspective. With this calculation tool, our knowledge and practical experience, we seek towards an optimal solution for your organization.

What information is needed and what are our costs?

We need participants data, various salary components and the expected termination date in advance. Subsequently, we will select the several choices in the calculation tool together with you. You will immediately see the results, and receive a report after the interview. Our specialists spend about two days preparing the calculation tool, personal contact and reporting. We therefore use a target price of € 2,950 (excl. VAT) per analysis.

The calculation tool is the starting point for a dismissal scheme

There are many factors which should be taken into account in case of a dismissal scheme. The calculation tool provides financial insight and clarifies whether any 52% tax penalty risk will be triggered. Our tax specialists could tackle this possible 52% tax risk.

Employment law advice

Because of the legal aspects, it is advisable to coordinate the intended dismissal scheme with your employment lawyer or specialist.

Don't forget personal guidance

A dismissal scheme might have major financial consequences for the employee(s) involved. Furthermore, a dismissal is often an emotional issue. By means of personal financial guidance, you can properly present a dismissal scheme to your employees and encourage participation in the scheme. KWPS can offer this guidance by providing the employee with financial and tax insight. Conversations are strictly confidential, unless the employee wants to share topics with the employer. We provide information and do not advise the employee.