

Conduent™ Severance Solution®

Generate savings through severance, while fulfilling your promise.



Advantages

- Employer and employee tax savings
- Eliminate overpayments
- Significant cash savings
- Use savings to fund programs for retained employees
- Return value to shareholders
- Ease your administrative burden

Reductions in workforce are never easy, regardless of the circumstances. Considering the financial pressures, many employers are reviewing their benefits and seeing no other choice besides shifting additional costs and risks to employees. Severance Solution gives employers another option: one that saves the employer money while simultaneously providing a larger benefit to employees. This efficient turnkey approach takes advantage of savings opportunities, is tax advantaged and realigns the severance plan to provide equitable benefits that deliver 100% of base pay during the severance period.

The Severance Solution

Severance payments can result in a substantial cash flow requirement for companies. This cash flow requirement can be reduced for the employer by paying the benefits on a tax advantaged basis. In addition, the former employee's payment amount increases.

- **Eliminate FICA Taxes:** Eliminate FICA taxes for severance payments through a Supplemental Unemployment Benefit (SUB) Plan and Trust. This option increases after-tax benefits for former employees and reduces tax liabilities for employers.

Through the use of a SUB Plan and Trust, the employer has the option to provide equitable benefits across the population and reduce windfall payments that occur in typical severance plans. This has resulted in savings of up to 50% for our clients.

- **Integrate with state unemployment:** The employer's severance payments can integrate with state unemployment insurance benefits to avoid double-paying former employees. Severance payments plus state unemployment payments can result in former employees receiving up to 150% of base pay from employer-paid plans in some states. Due to differences in state unemployment insurance benefits, this creates an inequity for former employees in different states.
- **New employment coordination:** Reduce or stop payments when a former employee finds new employment and no longer needs salary replacement.

Severance Solution is a fully outsourced service that reduces the administrative burden for the plan sponsor while allowing employers to redirect severance resources in higher value ways—from increasing COBRA subsidies and providing outplacement services to extending severance payments for those who remain unemployed. Of course, the saving can also be used for subsidizing other benefits, or any other need the employer may have.



To calculate how much your company could save, visit:

www.conduentapplications.com/severance

Realized Savings

The proof is in the results. Conduent™ Severance Solution® has created large savings while continuing to provide former employees with 100% of base pay during their period of severance. The following shows actual savings during a single calendar year for several clients:

	Terminations	FICA Tax Savings	State Unemployment Integration	New Employment Coordination	Total Savings
Client 1 <i>Half year</i>	1,400	\$691,000	N/A	N/A	\$691,000
Client 2	1,800	\$907,000	\$3,264,000	\$653,000	\$4,824,000
Client 3	1,600	\$664,000	\$3,381,000	\$942,000	\$4,987,000
Client 4	200	\$267,000	\$701,000	\$86,000	\$1,054,000
Client 5	1,400	\$1,134,000	\$5,639,000	\$420,000	\$7,193,000

Our Services

Our Severance Solution practice includes tax and legal consultants, benefit consultants, administrators, service center representatives, and technology specialists that will work to create a solution specific to your company's needs. We have the experience and technology to make managing your severance program as easy as possible.

Our practice includes:

- **Consulting.** We have the expertise to design, implement, and manage your SUB Plan to target benefits, reduce administrative risk, and comply with state and federal guidelines.
- **Communications.** We have a full suite of communications materials that will be customized and personalized to educate former employees about the SUB Plan, the services provided to them, and their responsibilities.
- **Implementation.** We work directly with your payroll and HRIS departments to finalize the specifications, layout, and transmission method for the ongoing data transfer between your systems and our proprietary system for former employees currently eligible for the SUB Plan. Within this system, we have developed a set of unemployment calculations on a state-by-state basis that are monitored and updated regularly.
- **Participant self-service.** Using the Interactive Voice Response (IVR) module and/or our severance website, former employees can, in a very secure and private manner, update eligibility for continued SUB Plan payments, review the history of confirmed eligibility transactions, and link to state unemployment websites for further information. Our call center provides support to former employees participating in the SUB Plan.

Contact Us

For more information on how to provide meaningful severance benefits to your employees while saving your organization money, contact us at **1 866.355.6647** or hrrservices@conduent.com

www.conduent.com/hrrservices

