

HOW CAN AN EMPLOYMENT CONTRACT END?

Read this information about the ways that an employment contract can end and then do the exercises that follow.

Resignation

The employee resigns from his or her job. This means that the employee informs the employer that he or she will stop working for the employer's business. This might be because the employee wants to work for a new employer. The employee must usually tell the employer in writing that he or she wishes to resign. This is called a letter of resignation. The employee will usually work a notice period of perhaps two weeks or four weeks. This means, for example, that an employee who wishes to stop work on 1 July must give his or her employer a letter of resignation on 3 June. Resigning is known informally as 'handing in your notice'.

Retirement

The employee retires from work. This means the employee leaves his or her job with the intention not to work again because he or she is a certain age. In many countries the age of retirement is 65 years old. However, some employees choose to take early retirement if they have enough money. When an employee retires they must live on the money they receive from their pension. Most people in the UK have a state pension, which they receive from the government. When they are working they pay some money to the government each month to pay for their pension. In the UK this is called a National Insurance contribution. Some people also have a private pension plan. This is because they want more money than the state pension gives them.

Redundancy

The employee is made redundant. This means that an employee leaves his or her job because the employer does not need them. This might be because business is not good for the employer or because the business is closing. The employee usually receives a redundancy payment. This is an amount of money that the employer pays to the employee as a final payment. The amount of money that the employee receives sometimes depends on the number of years that he or she worked for the employer. The employer sometimes offers the employee training for a new career as part of the redundancy deal. Training means learning the skills necessary to do a different job.

Dismissal

The employer dismisses the employee. The employee is dismissed. This means that the employer is unhappy with the performance or behaviour of the employee and tells him or her that they no longer have a job. This might be, for example, because the employee is not doing the job well or because the employee is always late for work. Dismissal is known informally as 'being fired' in the USA and as 'being sacked' in the UK. Employment law states that the employer must follow a certain procedure of warning the employee before this can happen. However, the employer is not obliged to follow this procedure when the employee is guilty of gross misconduct. Gross misconduct is very bad behaviour, such as stealing money from the employer.

A fixed-term contract ends

The employee stops working for the employer or leaves his or her job because his or her contract was for a specific period of time, which has ended. For example, I agree to work in an office for six months. My contract is a fixed-term contract for six months. At the end of the six-month period I stop working for that employer.