

MODEL EMPLOYEE HANDBOOK FOR SMALL BUSINESS



NFIB

LEGAL FOUNDATION

*Protecting the Rights of
America's Small Business Owners*

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ATTORNEYS AT LAW

INTRODUCTION

The NFIB Legal Foundation is pleased to provide you with this *Model Employee Handbook for Small Business*. This handbook is intended to assist you in creating your own custom employee handbook. The actual policies and procedures of your business may vary due to the size of the company, the number of employees, benefits offered and other factors. The handbook is therefore intentionally broad, and should be modified and supplemented to accurately reflect your individual company's needs.

While the information provided within this handbook is intended to be complete and accurate, it should not be considered legal advice. Employment laws vary from state to state, and it would be impracticable to provide a detailed employment handbook tailored to each locale. The authors and publishers cannot be held responsible for any errors or omissions. This handbook is provided with the understanding that neither the authors nor the publishers are supplying legal or professional advice.

The guidance and participation of a good attorney is invaluable when creating an effective employee handbook. For more information, contact an employment attorney licensed to practice in your area. If you need assistance in finding an attorney, visit the American Bar Association Lawyer Referral Service at www.abanet.org/legalservices/liris/directory.html or contact (800) 285-2221 for your state or county bar association.

The NFIB Legal Foundation is a 501(c)(3), nonprofit, public interest law firm dedicated to the principles of justice and equity for small business. The Legal Foundation protects the rights of America's small-business owners by providing guidance on legal issues and by ensuring that the voice of small business is heard in the nation's courts. The Legal Foundation does not rely on NFIB Member dues. Rather, the Foundation is supported through individual contributions. For more information on the Foundation's courtroom activity or how to support this worthy cause, please call (800) 552-6342 or visit the "Get More Involved" section of the NFIB's homepage at www.nfib.com.



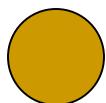
LEGAL FOUNDATION

*Protecting the Rights of
America's Small Business Owners*

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The purpose of an employee handbook is to orient new employees with the company. It is a resource that provides answers for the most frequently asked employee questions. Besides informing new employees about company policy, a good handbook emphasizes the at-will nature of the employment and the company's disciplinary and termination rights. Most importantly, it is a declaration of the *employer's* rights and expectations.

To prepare a handbook, review your company's policies. Decide which policies are fundamental, which need adjustment and which should be removed. This model handbook is intended to help in that review process. In addition, the model handbook may include policies that your company does not. In some cases, a specific policy that has been included in the model handbook might not apply to your company. For instance, if your company does not offer health insurance to your employees, you would not include a section on health insurance or COBRA. At a minimum your employee handbook should contain the following six items: (1) an employment at-will disclaimer (section 1.3); (2) a statement regarding equal employment opportunity (section 2.1); (3) a policy prohibiting unlawful discrimination and harassment (section 2.2); (4) a section that describes the policy for use of company property and privacy rules (section 3); (5) a section on employment classification and overtime rules (section 4); (6) a policy on Family and Medical Leave if you have 50 or more employees (section 6.3); and (7) a section on Safety (section 9). You should also consider including a disciplinary guideline (section 8).



Throughout the handbook, you will note symbols similar to this. These symbols indicate a helpful tip or legal alert. Many of the topics covered in the handbook are legal in nature, but not all sections have a symbol. If you are unsure or unfamiliar with a section, research the law, contact the proper agency or consult an attorney.

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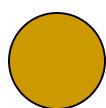
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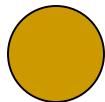
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Using a table of contents with section indicators rather than just page numbers makes the handbook easy to update. Begin new sections on a new page, leaving room for future adjustments if possible.

Section 1 - Welcome

1.1 History, Goals & Culture



This section should welcome the new employee and introduce them to the character of the company. Write briefly about how the company began and who is in charge. Describe the company's goals, philosophy and core principles. Avoid describing the company like a family, as that might imply indefinite employment.

1.2 Purpose of this Handbook

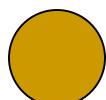
This handbook has been prepared to inform new employees of the policies and procedures of this company and to establish the company's expectations. It is not all-inclusive or intended to provide strict interpretations of our policies; rather, it offers an overview of the work environment. This handbook is not a contract, expressed or implied, guaranteeing employment for any length of time and is not intended to induce an employee to accept employment with the company.

The company reserves the right to unilaterally revise, suspend, revoke, terminate or change any of its policies, in whole or in part, whether described within this handbook or elsewhere, in its sole discretion. If any discrepancy between this handbook and current company policy arises, conform to current company policy. Every effort will be made to keep you informed of the company's policies, however we cannot guarantee that notice of revisions will be provided. Feel free to ask questions about any of the information within this handbook.

This handbook supersedes and replaces any and all personnel policies and manuals previously distributed, made available or applicable to employees.

1.3 At-Will Employment

Employment at this company is at-will. An at-will employment relationship can be terminated at any time, with or without reason or notice by either the employer or the employee. This at-will employment relationship exists regardless of any statements by office personnel to the contrary. Only [enter authorized person's name] is authorized to modify the at-will nature of the employment relationship, and the modification must be in writing.



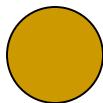
Sections 1.2 and 1.3 are essential items for a handbook. Employers are vulnerable to lawsuits if they do not provide statements regarding the non-contractual nature of the handbook or at-will employment. Employees should also agree to these terms on the "Acknowledgment of Receipt" form. Some states limit the terms of at-will employment, so consult with an employment attorney regarding your state's laws. 1

Section 2 – Workplace Commitments

2.1 Equal Opportunity Employment

This company is an equal opportunity employer and does not unlawfully discriminate against employees or applicants for employment on the basis of an individual's race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. This policy applies to all terms, conditions and privileges of employment, including recruitment, hiring, placement, compensation, promotion, discipline and termination.

Whenever possible, the company makes reasonable accommodations for qualified individuals with disabilities to the extent required by law. Employees who would like to request a reasonable accommodation should contact [enter authorized person's name].



Several laws enforced by the U.S. Equal Opportunity Employment Commission prohibit workplace discrimination. The Americans with Disabilities Act requires employers to provide, among other things, reasonable accommodations to qualified individuals with disabilities unless to do so would cause an undue hardship to the company. Include an equal opportunity statement and a disability statement to exhibit that your company observes these laws. The company should be aware of state and/or local laws which provide greater protection than the federal discrimination laws, such as recognizing additional protected classes beyond those protected by federal statute.

2.2 Non-Harassment Policy / Non-Discrimination Policy

This company prohibits discrimination or harassment based on race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and is free from discriminatory practices, including without limitation harassment. Consistent with its workplace policy of equal employment opportunity, the company prohibits and will not tolerate harassment on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status or any other status protected by applicable law. Violations of this policy will not be tolerated.

Discrimination includes, but is not limited to: making any employment decision or employment related action on the basis of race, color, religion, creed, age, sex, disability, national origin, marital or veteran status, or any other status protected by applicable law.

Harassment is generally defined as unwelcome verbal or non-verbal conduct, based upon a person's protected characteristic, that denigrates or shows hostility or aversion toward the person because of the characteristic, and which affects the person's employment opportunities or benefits, has the purpose or effect of unreasonably interfering with the person's work performance, or has the purpose or effect of creating an intimidating, hostile or offensive working environment. Harassing conduct includes, but is not limited to: epithets; slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group based on their protected characteristic.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature, when:

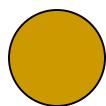
1. submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
2. submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
3. such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Examples of sexual harassment include: unwelcome or unsolicited sexual advances; displaying sexually suggestive material; unwelcome sexual flirtations, advances or propositions; suggestive comments; verbal abuse of a sexual nature; sexually oriented jokes; crude or vulgar language or gestures; graphic or verbal commentaries about an individual's body; display or distribution of obscene materials; physical contact such as patting, pinching or brushing against someone's body; or physical assault of a sexual nature.

Reporting:

Any company employee who feels that he or she has been harassed or discriminated against, or has witnessed or become aware of discrimination or harassment in violation of these policies, should bring the matter to the immediate attention of his or her supervisor or [enter name of alternative person to whom employees can report]. The company will promptly investigate all allegations of discrimination and harassment, and take action as appropriate based on the outcome of the investigation. An investigation and its results will be treated as confidential to the extent feasible, and the company will take appropriate action based on the outcome of the investigation.

No employee will be retaliated against for making a complaint in good faith regarding a violation of these policies, or for participating in good faith in an investigation pursuant to these policies. If an employee feels he/she has been retaliated against, the employee should file a complaint using the procedures set forth above.



It is important for employers to implement non-harassment policies, including a provision regarding reporting procedures. To the extent that an employee fails to report harassment by a co-employee as required by an established policy, this may be a possible defense in response to a legal action initiated by the employee. Once in place, the company should make sure that the policy is carried out, including prompt investigation of claims of discrimination and harassment.

2.3 Drug-Free / Alcohol-Free Environment

Employees are prohibited from unlawfully consuming, distributing, possessing, selling, or using controlled substances while on duty. In addition, employees may not be under the influence of any controlled substance, such as drugs or alcohol, while at work, on company premises or engaged in company business. Prescription drugs or over-the-counter medications, taken as prescribed, are an exception to this policy.

Anyone violating this policy may be subject to disciplinary action, up to and including termination.

2.4 Open Door Policy

The company has an open door policy and takes employee concerns and problems seriously. The company values each employee and strives to provide a positive work experience. Employees are encouraged to bring any workplace concerns or problems they might have or know about to their supervisor or some other member of management.

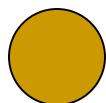
Section 3 – Company Policies and Procedures

3.1 Professional Conduct

This company expects its employees to adhere to a standard of professional conduct and integrity. This ensures that the work environment is safe, comfortable and productive. Employees should be respectful, courteous, and mindful of others' feelings and needs. General cooperation between coworkers and supervisors is expected. Individuals who act in an unprofessional manner may be subject to disciplinary action.

3.2 Dress Code

An employee's personal appearance and hygiene is a reflection on the company's character. Employees are expected to dress appropriately for their individual work responsibilities and position.



This section may be expanded to include the specific requirements of your company. Include information regarding uniforms, safety protections such as steel toe shoes or hairnets, or other dress requirements. If the company provides uniforms, consider including a caveat about lost uniform charges or laundry.

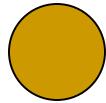
3.3 Payday

Paychecks are distributed every 2 weeks, on Friday after 8:00 a.m., based on timesheets submitted two weeks prior. If the pay date lands on a holiday, paychecks will be distributed on the closest business day before the holiday.

The paycheck will reflect work performed for the previous period. Paychecks include salary or wages earned less any mandatory or elected deductions. Mandatory deductions include federal or state withholding tax, and other withholdings for insurance and retirement. Elected deductions are deductions authorized by the employee, and may include, for example, contributions to benefit plans. Employees may contact Human Resources to obtain the necessary authorization forms for requesting additional deductions from their paychecks.

Notify a supervisor if the paycheck appears to be inaccurate or if it has been misplaced. The company reserves the right to charge a replacement fee for any lost paychecks. Advances on paychecks are not permitted. Information regarding final paychecks can be found under the termination section of this handbook.

Any change in name, address, telephone number, marital status or number of exemptions claimed by an employee must be reported to Human Resources immediately.



Companies should consult state and local law for wage payment requirements, such as means of payment (including opportunity to pay by direct deposit), timeframe for paying wages, and information that must be included on paycheck stubs.

3.4 Company Property

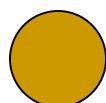
Company property, such as equipment, vehicles, telephones, computers, and software, is not for private use. These devices are to be used strictly for company business, and are not permitted off grounds unless authorized. Company property must be used in the manner for which it was intended. Upon termination, employees are required to surrender any company property they possess.

Company computers, internet and emails are a privileged resource, and must be used only to complete essential job-related functions. Employees are not permitted to download any “pirated” software, files or programs and must receive permission from a supervisor before installing any new software on a company computer. Files or programs stored on company computers may not be copied for personal use.

Phones are provided for business use. The company requests that employees not receive personal calls while on duty. If urgent, please keep personal calls to a minimum and conversations brief. Personal long distance calls are not permitted.

Employees are reminded that they should have no expectation of privacy in their use of company computers or other electronic equipment.

Violations of these policies could result in disciplinary action.

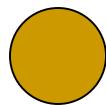


Companies may institute a policy of “business use only.” Alternatively, a company may adopt a less stringent policy which advises employees that computers and phones are provided for business use, and any personal use must be kept to a minimum and must not interfere with work responsibilities. Companies should develop a policy specific to their own computer systems that protects against employee misuse and the computer viruses that may result from downloading outside materials.

3.5 Privacy

Employees and employers share a relationship based on trust and mutual respect. However, the company retains the right to access all company property including computers, desks, file cabinets, storage facilities, and files and folders, electronic or otherwise, at any time. Employees should not entertain any expectations of privacy when on company grounds or while using company property.

All documents, files, voice-mails and electronic information, including e-mails and other communications, created, received or maintained on or through company property are the property of the company, not the employee. Therefore employees should have no expectation of privacy over those files or documents.

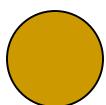


If you plan to enforce a privacy policy, ensure that you are very explicit about what the company expects. Privacy laws are relatively new and vary from state to state. Consult with an employment attorney regarding your state's privacy laws.

3.6 Personnel Files

The company maintains a personnel file on each employee. These files are kept confidential to the extent possible. Employees may review their personnel file upon request.

It is important that personnel files accurately reflect each employee's personal information. Employees are expected to inform the company of any change in name, address, home phone number, home address, marital status, number of dependents or emergency contact information.



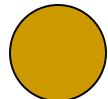
Employers should consult state and local law regarding any provisions relating to employee access to personnel files. In the absence of such a provision, the company may not be required to allow employees to have access to their personnel files. However, the company may nonetheless allow employees to have access. In the event that a company allows employee access, the company may want to consider limiting the access to by appointment only during normal business hours.

Section 4 - Employment Classification

This company assigns positions, determines wages and compensates employees for overtime in accordance with state and local laws and the Fair Labor Standards Act.

4.1 Exempt Employees

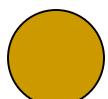
Exempt employees are those that are excluded from the overtime pay requirements of the Fair Labor Standards Act. Exempt employees are paid a salary and are expected to work beyond their normal work hours whenever necessary to accomplish the work of the company. Exempt employees are not eligible to receive overtime compensation. Employees should consult with an administrator if they have questions regarding their classification as an exempt employee.



The Fair Labor Standards Act provides narrow provisions for who qualifies for exempt employee status. Consult the Department of Labor's website at <http://www.dol.gov/esa/regs/compliance/whd/hrg.htm#2> for more information.

4.2 Non-Exempt Employees

Non-exempt employees are those eligible for overtime pay of 1.5 times the regular hourly rate of pay for all hours worked over 40 per work week. All overtime must be approved in advance. Employees should consult with an administrator if they have questions regarding their classification as a non-exempt employee.



The Fair Labor Standards Act limits the employers that must pay overtime wages to employees, to those engaged in "interstate commerce" and other particular types of businesses. Companies should consult an attorney if there is a question about an obligation to pay overtime wages. Companies should also consult state and local law regarding broader overtime coverage than is provided under the federal Fair Labor Standards Act. For example, some jurisdictions may require companies to pay overtime for all hours work in a day over 8 hours, rather than using the federal standard of paying overtime for all hours worked over 40 hours in a given work week.

4.3 Part Time, Full Time or Temporary Status

Part-time or full-time status depends on the number of hours per week an employee works. Regular employees who work fewer than 40 hours receive part-time classification. Part-time employees are not eligible for employee benefits as described in this handbook. Regular employees who work at least 40 hours receive full-time classification.

From time to time the company may hire employees for specific projects or periods of time. Temporary employees may work either part-time or full-time, but generally are scheduled to terminate by a certain date. Temporary employees who remain on duty past the scheduled termination remain classified as temporary. Only company management may change an employee's temporary status. Temporary employees are not eligible for employment benefits.

Section 5 – Attendance Policies

5.1 General Attendance

The company maintains normal working hours of 8 a.m. to 5 p.m. Hours may vary depending on work location and job responsibilities. Supervisors will provide employees with their work schedule. Should an employee have any questions regarding his/her work schedule, the employee should contact the supervisor.

The company does not tolerate absenteeism without excuse. Employees who will be late to or absent from work should notify a supervisor in advance, or as soon as practicable in the event of an emergency. Chronic absenteeism may result in disciplinary action.

Employees who need to leave early, for illness or otherwise, should inform a supervisor before departure. Unauthorized departures may result in disciplinary action.

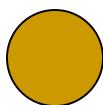
5.2 Tardiness

Employees are expected to arrive on time and ready for work. An employee who arrives 5 minutes after their scheduled arrival time is considered tardy. The company recognizes that situations arise which hinder punctuality; regardless, excessive tardiness is prohibited, and may be subject to disciplinary action.

5.3 Breaks

When working conditions permit, and pending a supervisor's approval, employees are entitled to one paid 15 minute break for every 4 hours worked.

Meal periods are for 30 minutes, are unpaid, and must be approved by a supervisor.



The laws regarding break and meal periods are different for each state. Consult with an employment attorney regarding your state's laws.

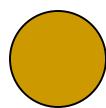
Section 6 – Leave Policies

6.1 Vacations

The company provides, as a benefit, paid vacations for its eligible employees. Forward requests for time off in advance to a supervisor, who may approve or deny the request based on company resources. The company is flexible in approving time off when doing so would not interfere with company operations. Vacation days are granted only in full hourly units (ex. - 3 hours, NOT 2 hours 50 minutes).

A regular employee is eligible to receive paid time off after 3 months of full-time service. Accrued time off may be taken after 12 months. Employees must earn and accrue vacation benefits before they may be used. Employees should consult Human Resources regarding the amount of vacation leave they accrue each pay period.

Any remaining accrued time off may be accumulated or carried forward into the next year, but cannot exceed 10 days of carryover. Vacation benefits do not accrue during any period of extended leave of absence.



Generally, states do not require vacation benefits for employees, but most employers offer this benefit. If you have a set vacation accrual for your company, insert it into this section. Replace this section if your company provides paid time off instead of vacation and sick leave.

6.2 Sick Leave

Situations may arise where an employee needs to take time off to address medical or other health concerns. The company requests that employees provide notification to their supervisor as soon as practicable when taking time off. Sick days are granted on a paid/unpaid basis to regular employees. Employees may consult [enter authorized person's name] regarding the amount of (paid) sick leave provided each year. Sick days may not be carried over into the next year. Abuse of this policy may result in disciplinary action.

6.3 Family and Medical Leave Act Leave

The company offers leave consistent with the requirements of the federal Family and Medical Leave Act (FMLA). Under the FMLA, an employee may be eligible for an

unpaid family and medical leave of absence under certain circumstances, if the employee works within a seventy-five (75) mile radius of fifty (50) or more company employees.

Under the federal FMLA, a person who has worked as an employee of this company for at least 1,250 hours for twelve months is eligible for FMLA leave. Up to twelve weeks of unpaid leave per year is available for the following reasons:

- The birth of a child and to care for the newborn child;
- Placement of a child into adoptive or foster care with the employee;
- Care for a spouse, son, daughter or parent who has a serious health condition; or
- Care for the employee's own serious health condition.

If the need for leave is foreseeable, employees should notify a supervisor 30 days prior to taking FMLA leave. If the need for FMLA leave arises unexpectedly, employees should notify a supervisor as soon as practicable, giving as much notice to the company as possible.

Employees may be required to provide: medical certifications supporting the need for leave if the leave is due to a serious health condition of the employee or employee's family member; periodic recertification of the serious health condition; and periodic reports during the leave regarding the employee's status and intent to return to work. Employees must return to work immediately after the serious health condition ceases, and employees who have taken leave because of their own serious health condition must submit a fitness-for-duty certification before being allowed to return to work.

Leave may be taken on an intermittent or reduced schedule to care for an illness; yet, may not be taken intermittently for the care of a newborn or newly adopted child. When leave is taken intermittently, the company may transfer the employee to another position with equivalent pay and benefits, which is better suited to periods of absence.

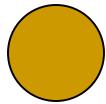
Subject to certain conditions, the employee or the company may choose to use accrued paid leave (such as sick leave or vacation leave) concurrent with FMLA leave.

The company will maintain group health insurance coverage for an employee on family and medical leave on the same terms as if the employee had continued work. If applicable, arrangements will be made for the employee to pay their share of health insurance premiums while on leave. The company may recover premiums paid to maintain health coverage for an employee who fails to return to work from family and medical leave.

If an employee would like the company to maintain other paid benefits during the period of leave, premiums and charges which are partially or wholly paid by the employee must continue to be paid by the employee during the leave time.

Family and medical leave will not result in the loss of any employment benefit accrued prior to the date on which the leave commenced. However, an employee on family and medical leave does not continue to accrue benefits (e.g., sick leave or vacation leave) during the period of family and medical leave. Questions regarding particular benefits should be directed to [enter authorized person's name].

Upon returning from FMLA leave, an employee will be restored to his/her original job or an equivalent job with equivalent benefits, pay, seniority, and other employment terms and conditions as provided by the Family and Medical Leave Act.



If your company has 50 or more employees, you are required to comply with the Family and Medical Leave Act. If you are covered, your manual should include a FMLA section. For more information on the FMLA, visit the Department of Labor's website at www.dol.gov/esa/whd/fmla/index.htm. In addition, some states and local jurisdictions, including the District of Columbia, provide broader family and medical leave coverage to employees, so you should consult an attorney regarding applicable state and local laws. If your company is required to comply with the FMLA, you may consider requiring employees to exhaust their accrued paid leave at the same time they are on FMLA leave. Otherwise, an employee could take up to 12 weeks of FMLA leave *in addition to* all of his/her accrued vacation and sick leave.

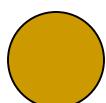
6.4 Holidays

The company observes the following holidays:

- New Year's Day
- Martin Luther King, Jr. Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Christmas Day

[list other observed holidays]

Holidays are observed on a [paid/unpaid] basis for all eligible employees. [Full time employees are eligible for paid holiday benefits.]



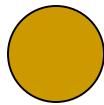
Companies should consult state and local law to determine if there are any mandated holidays in the jurisdictions in which they are located.

6.5 Jury Duty Time Off

The company understands that occasionally employees are called to serve on a jury. Employees who are selected for jury duty must provide a copy of their jury summons to a supervisor. Time taken for jury duty is granted on a [paid/unpaid] basis. Employees released from jury duty with [enter number] hours remaining in the workday, are expected to return to work.

6.6 Voting Time Off

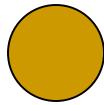
Employees are encouraged to participate in elections. The company grants incremental time off to cast a ballot in an election. Voting time off is granted on a [paid/unpaid] basis. Should extenuating circumstances arise while voting, notify a supervisor as soon as possible.



Most state laws prohibit an employer from taking any disciplinary action against employees for taking time off to vote or serve on a jury. Some states even require the time off to be granted on a paid basis. If your state requires paid jury/voting time off, be sure to provide as much detail as possible about your leave provisions.

6.7 Military Leave

Employees called to active military duty, military reserve or National Guard service may be eligible to receive time off under the Uniformed Services Employment and Reemployment Rights Act of 1994. To receive time off, employees must provide notice and a copy of their report orders to an immediate supervisor. Military leave is granted on a [paid/unpaid] basis [if leave is on a paid basis, indicate the maximum number of days of paid leave to be provided by the company]. Upon return with an honorable discharge, an employee may be entitled to reinstatement and any applicable job benefits they would have received if present, to the extent provided by law.

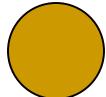


Every company, regardless of the number of people employed, is required to comply with the Uniformed Services Employment and Reemployment Rights Act. Under the Act, employers are prevented from taking disciplinary action against an employee because of their military status. For more information on the USERRA, visit the Department of Labor's website at <http://www.dol.gov/elaws/vets/userra/mainmenu.asp>.

6.8 Leave of Absence

Regular full-time employees may request an unpaid leave of absence after the exhaustion of paid leave. A request for a leave of absence must be submitted in writing in advance to the employee's immediate supervisor.

Leave of absences that are granted are unpaid, and will not be considered until an employee has exhausted all appropriate accrued leave balances. Continuation of employee benefits during a leave of absence will be addressed on an individual basis, as required by law.



Companies should consider establishing a leave of absence policy. It is a common practice for companies to consider employees' requests for unpaid leaves of absence. In particular, it may be appropriate for a company to allow a qualified disabled employee to take additional unpaid leave beyond the amount of leave he/she may be entitled to under the Family and Medical Leave Act. As a result, it may make sense to provide employees with a written policy on this benefit.

Section 7 – Work Performance

7.1 Expectations

The company expects every employee to act in a professional manner. Satisfactory performance of job duties and responsibilities is key to this expectation. Employees should attempt to achieve their job objectives, and act with diligence and consideration at all times. Poor job performance can result in disciplinary action, up to and including termination.

7.2 Reviews

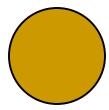
The company may periodically evaluate an employee's performance. The goal of a performance review is to identify areas where an employee excels and areas that need improvement. The company uses performance reviews as a tool to determine pay increases, promotions and/or terminations.

All performance reviews are based on merit, achievement and other factors may include but are not limited to:

- Quality of work
- Attitude
- Knowledge of work
- Job skills
- Attendance and punctuality
- Teamwork and cooperation
- Compliance with company policy
- Past performance reviews
- Improvement
- Acceptance of responsibility and constructive feedback

Employees should note that a performance review does not guarantee a pay increase or promotion. Written performance evaluations may be made at any time to advise employees of unacceptable performance. Evaluations or any subsequent change in employment status, position or pay does not alter the employee's at will-relationship with the company.

Forward any questions about performance expectation or evaluation to the supervisor conducting the evaluation.



Companies that adhere to a performance review policy can avoid problems handling “poor performance” terminations. If your company has a review policy, it is not necessary to include the whole policy in the handbook. Adding a simple timeline of when employees may expect a review is sufficient.

7.3 Insubordination

Supervisors and employees should interact with mutual respect and common courtesy. Employees are expected to take instruction from supervisors or other persons of authority. Failure to comply with instructions or unreasonably delaying compliance is considered insubordination. Acts of insubordination are subject to disciplinary action, up to and including termination.

If an employee disagrees with a supervisor, the employee should first try to mediate the situation by explaining their position. If possible, a compromise might be met and accusations of insubordination avoided.

Section 8 – Discipline Policy

8.1 Grounds for Disciplinary Action

The company reserves the right to discipline and/or terminate any employee who violates company policies, practices or rules of conduct. Poor performance and misconduct are also grounds for discipline or termination.

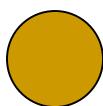
The following actions are unacceptable and considered grounds for disciplinary action. This list is not comprehensive; rather, it is meant merely as an example of the types of conduct that this company does not tolerate. These actions include, but are not limited to:

- Engaging in acts of discrimination or harassment in the workplace;
- Possessing, distributing or being under the influence of illicit controlled substances;
- Being under the influence of a controlled substance or alcohol at work, on company premises, or while engaged in company business;
- Unauthorized use of company property, equipment, devices or assets;
- Damage, destruction or theft of company property, equipment, devices or assets;
- Removing company property without prior authorization or disseminating company information without authorization;
- Falsification, misrepresentation or omission of information, documents or records;
- Lying;
- Insubordination or refusal to comply with directives;
- Failing to adequately perform job responsibilities;
- Excessive or unexcused absenteeism or tardiness;
- Disclosing confidential or proprietary company information without permission;
- Illegal or violent activity;
- Falsifying injury reports or reasons for leave;
- Possessing unauthorized weapons on premises;
- Disregard for safety and security procedures;
- Disparaging or disrespecting supervisors and/or co-workers; and
- Any other action or conduct that is inconsistent with company policies, procedures, standards or expectations.

This list exhibits the types of actions or events that are subject to disciplinary action. It is not intended to indicate every act that could lead to disciplinary action. The company reserves the right to determine the severity and extent of any disciplinary action based on the circumstances of each case.

8.2 Procedures

Disciplinary action is any one of a number of options used to correct unacceptable behavior or actions. Discipline may take the form of oral warnings, written warnings, probation, suspension, demotion, discharge, removal or some other disciplinary action, in no particular order. The course of action will be determined by the company at its sole discretion as it deems appropriate.



If your company uses a progressive discipline system, placing that policy in a handbook can be binding. You are guarantying to your employees that the company follows a set method for discipline each and every time. Companies could become liable for not adhering to their own policies in every situation. In addition, progressive discipline polices can sometimes defeat the purposes of an at-will employment relationship.

When drafting your discipline section, do not over explain the policy or include steps that you might not take every time. If you do plan to include a progressive discipline policy in your handbook, have an employment attorney review your submission.

8.3 Termination

Employment with the company is on an at-will basis and may be terminated voluntarily or involuntarily at any time.

Upon termination, an employee is required:

- to continue to work until the last scheduled day of employment;
- to turn in all reports and paperwork required to be completed by the employee when due and no later than the last day of work;
- to return all files, documents, equipment, keys, access cards, software or other property belonging to the company that are in the employee's possession, custody or control, and turn in all passwords to his/her supervisor;
- to participate in an exit interview as requested by [enter authorized person's name].

Section 9 – Health and Safety

9.1 Workplace Safety

The company takes every reasonable precaution to ensure that employees have a safe working environment. Safety measures and rules are in place for the protection of all employees. Ultimately, it is the responsibility of each employee to help prevent accidents. To ensure the continuation of a safe workplace, all employees should review and understand all provisions of the company's workplace safety policy. Employees should use all safety and protective equipment provided to them, and maintain work areas in a safe and orderly manner, free from hazardous conditions. Employees who observe an unsafe practice or condition should report it to a supervisor or [enter alternate name] immediately. Employees are prohibited from making threats against anyone in connection with his/her work or engaging in violent activities while in the employ of the company. Any questions regarding safety and safe practices should be directed to [enter authorized person's name].

In the event of an accident, employees must notify a supervisor immediately. Report every injury, regardless of how minor, to a supervisor immediately. Physical discomfort caused by repetitive tasks must also be reported. For more information about on the job injuries, refer to the worker's compensation section of this handbook.

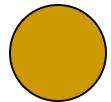
Employees should recognize any potential fire hazards and be aware of fire escape routes and fire drills. Do not block fire exits, tamper with fire extinguishers or otherwise create fire hazards.

9.2 Workplace Security

Employees must be alert and aware of any potential dangers to themselves or their coworkers. Take every precaution to ensure that your surroundings are safe and secure. Guard personal belongings and company property. Visitors should be escorted at all times. Report any suspicious activity to a supervisor immediately.

9.3 Emergency Procedures

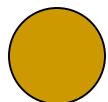
In the event of an emergency, dial 911 immediately. If you hear a fire alarm or other emergency alert system, proceed quickly and calmly to the nearest exit. Once the building has been evacuated, only a supervisor may authorize employees to reenter.



Expand this section to include any industry specific safety guidelines your company must follow, such as OSHA standards and regulations. Include the name of the accident contact person and the location of safety posters that your company is required to post. If you are in a highly regulated industry, consider providing a separate employee safety manual. If you have company vehicles, include a section on accident reporting.

Section 10 - Employee Benefits

This handbook contains descriptions of some of our current employee benefits. Many of the company's benefit plans are described in more formal plan documents available from [enter authorized person's name]. In the event of any inconsistencies between this handbook or any other oral or written description of benefits and a formal plan document, the formal plan document will govern.



Even with the disclaimer language provided above, it is important to conform the benefit plans described in the handbook with the company's formal plan documents. It is not necessary to provide detailed information about the benefit plans in the handbook, but it may be helpful to provide general information on the types of benefits provided and where employees can find more detailed information on the benefits provided.

10.1 Health Insurance

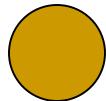
The company makes group health benefits available to eligible employees and their family members. Eligible employees are full time employees who have worked for [enter time] months. Part time employees are eligible if they work at least [enter hours] hours per week and have been employed for [enter time] months.

Health benefits are paid in part by the company. The remainder of the costs is the employee's responsibility. Employees can receive details about benefits provided, contribution rates and eligibility from [enter authorized person's name].

10.2 Retirement Plan

The company participates in a 401(k) plan so that employees may save a portion of their earnings for retirement. Regular employees who have worked at least [enter hours] for [enter months] are eligible to participate. Employees may elect to make regular contributions to the 401(k) plan up to the maximum amount allowed by federal law.

Contact [enter authorized person's name] for detailed information regarding eligibility, employee contributions, vesting period or employer contributions. More information can also be found in the plan summary description, which is available from [enter benefits coordinator name]. If there are any inconsistencies between this handbook and any of the Summary Plan Descriptions, the Summary Plan Descriptions shall govern. The company reserves the right to modify or terminate any or all of its retirement benefits or to change benefit providers at any time with or without notice.



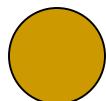
This section should briefly describe the company's offered benefits. A detailed account of the plan's characteristics is not necessary. Simply include a basic description of the benefits offered, the eligibility requirements and a contact name. To provide more information about a specific plan, create a benefits handbook or ask the plan administrator for an informational booklet to present to eligible employees.

10.3 Workers' Compensation

As required by law, the company provides workers' compensation benefits for the protection of employees with work-related injuries or illnesses.

Workers' compensation insurance provides coverage to employees who receive job-related injuries or illnesses. If an employee is injured or becomes ill as a result of his/her job, it is the employee's responsibility to immediately notify a supervisor of their injury in order to receive benefits. Report every illness or injury to a supervisor, regardless of how minor it appears. The company will advise the employee of the procedure for submitting a workers' compensation claim. If necessary, injured employees will be referred to a medical care facility. Employees should retain all paperwork provided to them by the medical facility. Failure to report a work-related illness or injury promptly could result in denial of benefits. An employee's report should contain as many details as possible, including the date, time, description of the illness or injury, and the names of any witnesses.

A separate insurance company administers the worker's compensation insurance. Representatives of this company may contact injured employees regarding their benefits under the plan. Additional information regarding workers' compensation is available from [enter authorized person's name].



Worker's compensation can be required and the laws vary from state to state. Check with your state worker's compensation agency to determine if you are required to carry worker's compensation insurance.

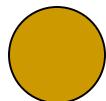
10.4 Disability Coverage

Disability insurance provides partial paycheck reimbursement for times of serious illness or injury which leads to total disability. Total disability is defined as the inability to perform any job function as a result of the injury or illness. Employees who have worked for [enter number] months are eligible for disability insurance coverage. To qualify for benefits, the period of total disability must exceed [enter number] days.

Coverage extends for [enter number] days of disability. Employees must exhaust any sick leave benefits before being eligible for disability leave coverage.

Disability benefits are calculated as [enter percentage] of an employees base salary. Any payments received from worker's compensation or state disability will result in an equal decrease in disability benefits. Disability benefits are subject to employment withholding provisions.

The employee is responsible for notifying a supervisor of their disability, expected date of return, and the name of their attending physician. The company may request that an independent medical provider perform an examination. In addition, the company may require a medical release form prior to returning to work. For more information regarding disability benefits, contact [enter authorized person's name]. If there are any inconsistencies between this handbook and any of the Summary Plan Descriptions, the Summary Plan Descriptions shall govern. The company reserves the right to modify or terminate any or all of the benefits or to change benefit providers at any time with or without notice.



Disability insurance is generally not required, but if your company provides disability benefits, include a brief description in your handbook.

Companies with more than 15 employees are required to comply with the American's with Disabilities Act. For more information about the ADA, visit the ADA home page at <http://www.usdoj.gov/crt/ada/adahom1.htm>.

Section 11 - Termination

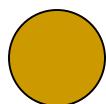
11.1 Voluntary Termination

The company recognizes that personal situations may arise which require a voluntary termination of employment. Should this occur, the company requests that the employee provide two weeks advance notice in writing. This request does not alter an employee's at-will relationship with the company.

All rights and privileges of employment with the company terminate upon the date of separation. As further discussed in Section 8.3, terminating employees are required to return all company property assigned to them. Failure to do so may result in the withholding of their final paycheck.

11.2 Final Paycheck

Employees who terminate employment with the company will be given their final pay check [enter time required by state law]. Should the employee be unable to personally retrieve their paycheck, it will be mailed to the address on file.



Most states require that a terminated employee receive their paycheck within a certain number of days after termination. Consult with an employment attorney to determine what your state requires.

11.3 COBRA Continuation of Health Benefits

Under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), a qualified employee who terminates employment (for reasons other than gross misconduct on the employee's part) or who loses health and dental coverage due to a reduction in work hours may temporarily continue group health and dental coverage for him/herself, his/her spouse, and any covered dependent children at the full premium rate plus administrative fees. That eligibility normally extends for a period of eighteen (18) months from the qualifying date. For more information regarding COBRA health insurance benefits, see [enter authorized person's name].

11.4 Exit Interview

The company may request an exit interview upon notice of termination. The purpose of the exit interview is to complete necessary forms, collect company property and discuss employment experiences with the company.

Acknowledgement of Receipt for Employee Handbook
(Employee Copy – Keep with handbook)

I acknowledge that I have received a copy of the Employee Handbook. I understand that I am responsible for reading the information contained in the Handbook.

I understand that the handbook is intended to provide me with a general overview of the company's policies and procedures. I acknowledge that nothing in this handbook is to be interpreted as a contract, expressed or implied, or an inducement for employment, nor does it guarantee my employment for any period of time.

I understand and accept that my employment with the company is at-will. I have the right to resign at any time with or without cause, just as the company may terminate my employment at any time with or without cause or notice, subject to applicable laws. I understand that nothing in the handbook or in any oral or written statement alters the at-will relationship, except by written agreement signed by the employee and [enter authorized person's name].

I acknowledge that the company may revise, suspend, revoke, terminate, change or remove, prospectively or retroactively, any of the policies or procedures outlined in this handbook or elsewhere, in whole or in part, with or without notice at any time, at the company's sole discretion.

(Signature of Employee)

(Date)

(Company Representative)

Acknowledgement of Receipt for Employee Handbook
(Employer Copy – Detach and retain for records)

I acknowledge that I have received a copy of the Employee Handbook. I understand that I am responsible for reading the information contained in the Handbook.

I understand that the handbook is intended to provide me with a general overview of the company's policies and procedures. I acknowledge that nothing in this handbook is to be interpreted as a contract, expressed or implied, or an inducement for employment, nor does it guarantee my employment for any period of time.

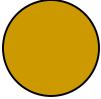
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(Signature of Employee)

(Date)

(Company Representative)



Companies may also consider instituting some of the following policies, depending on the nature of the company's business and workforce:

- Confidentiality
- Conflict of Interest
- Intellectual Property Ownership
- Outside Employment
- Additional Benefits, such as Training or Education Reimbursement
- Expense Reporting
- Use of Company Vehicles

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