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Employee Compensation

Agreement Template

**For Use in the Health Sector**

**Updated: April 6, 2025**

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# How to Use This Document

This agreement formalizes the compensation arrangement between an employer and employee. Employers should:

* **Customize compensation details** based on the specific role and agreement terms.
* **Ensure compliance** with employment laws, payroll regulations, and tax guidelines.
* **Review salary structures, bonuses, and benefits** to align with company policies.
* **Obtain legal review** to ensure fairness and enforceability of terms.
* **Clearly define payout schedules and expectations** to prevent disputes.

# Introduction & Purpose

This **Employee Compensation Agreement** is made between:

* **[Employer Name]**, hereinafter referred to as "Employer"
* **[Employee Name]**, hereinafter referred to as "Employee"

The purpose of this agreement is to outline the compensation structure, including salary, bonuses, incentives, benefits, and applicable deductions, in compliance with **Ontario’s Employment Standards Act (ESA) and other relevant labor laws**.

# Employment Terms & Compensation Structure

Employee’s position: **[Job Title]**.

Start Date: **[Insert Date]**.

Employment Status: **[Full-time/Part-time/Contract]**.

Reporting Manager: **[Insert Name]**.

This agreement **supersedes any prior verbal or written compensation discussions**.

# Base Salary & Payment Schedule

Employee’s base salary: **[Annual/Hourly Rate]**.

Pay frequency: **[Weekly/Biweekly/Semi-Monthly/Monthly]**.

Payment method: **Direct deposit / Cheque**.

Payroll deductions for **income tax, CPP, EI, and other required contributions** will be applied as per government regulations.

# Bonus, Incentives & Commission Structures *(If Applicable)*

Employee is eligible for:

* Performance**-based bonuses** as per company policy.
* Sales commission at a **rate of [X]%** per sale.
* Profit-sharing incentives based on **company earnings.**
* Bonus payments will be calculated and paid **[Quarterly/Annually]**.

All incentive payouts are subject to employer **review and approval**.

# Overtime & Additional Pay

Overtime compensation will be provided in accordance with the **Employment Standards Act (ESA)**.

Employees working beyond **44 hours per week** will be entitled to **1.5x their regular pay**.

All overtime must be **pre-approved by management**.

# Deductions & Payroll Compliance

Mandatory deductions include:

* Federal & Provincial Income Tax.
* Canada Pension Plan (CPP) contributions.
* Employment Insurance (EI) premiums.
* Additional deductions (if applicable):
* Retirement plans (RRSP, Pension, or TFSA contributions).
* Union dues or voluntary benefits.

# Benefits & Allowances *(If Applicable)*

Employee is eligible for:

* Health & dental insurance (coverage effective [Insert Date]).
* Vacation pay and paid time off in compliance with ESA.
* Travel, meal, or other work-related allowances.

Benefits are subject to company policies and provider terms.

# Equity, Stock Options & Profit-Sharing (If Applicable)

* Employee may participate in the **[Company Name] Equity Plan**.
* Stock options will vest according to the agreed-upon schedule.
* The company reserves the right to adjust or terminate equity benefits as needed.

# Termination & Severance Pay

If employment is terminated **without cause**, the employee will receive:

* Statutory notice or termination pay per ESA guidelines.
* Severance pay if eligible (based on length of service and company size).
* If terminated for cause, no severance or additional compensation will be provided.
* Any outstanding bonuses or incentives will be settled as per company policy.

# Final Provisions & Signatures

This agreement constitutes the entire understanding between the parties regarding compensation and supersedes all prior discussions.

**Employee Signature:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Date:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Supervisor Signature:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Date:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# Disclaimer:

*This template is a general guide and should not be considered legal advice. While ProSupport HR Partners has made every effort to ensure accuracy and compliance, compensation laws vary by jurisdiction and may change over time. Employers are advised to consult a qualified* ***employment lawyer or HR professional*** *to tailor this document to their specific needs and ensure full compliance with applicable regulations.*

*By using this document, the employer assumes full responsibility for its implementation and any legal consequences. ProSupport HR Partners disclaims any liability arising from its use, modification, or interpretation. This template is intended as a structured framework for legally sound compensation agreements and best HR practices.*

**Please delete the last page once you are done.**

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