Sam's Economics

Your severance offer is an opening bid

A one-sitting guide to negotiating a severance package calmly: the five steps, the worked example from the video, the email to send, a blank worksheet and the questions to bring to an employment attorney.

SAME OFFER, ELEVEN DAYS, A DIFFERENT RESULT

+$8,124

Marcus signed his offer the day he got it. Priya took eleven days, asked three specific questions and came out $8,124 ahead, almost $8,000 even after a $250 attorney review.

1. The five steps

STEP	WHAT TO DO
1. Know what is on the table	Weeks of pay, unused vacation payout, months of COBRA paid by the company, career coaching, the wording of your reference, stock close to vesting, and the non-compete. Treat them as separate levers: a company that will not add weeks may add COBRA months or move a vesting date.
2. Understand the real clock	A 48-hour internal deadline is often soft. If you are 40 or older and the agreement releases age-discrimination claims, federal law (the Older Workers Benefit Protection Act) gives you at least 21 days to consider it, 45 days in a group layoff, and 7 days to revoke after signing. Under 40 there is no federal minimum, but asking for a few business days is normal.
3. Counter without a fight	Thank them, ask for review time, then send two or three specific requests by email. No threats, no anger, no vague request for more.
4. Know when to get help	A broad non-compete, a release of legal claims or significant unvested stock is worth a one-time attorney review, often a flat fee of a few hundred dollars.
5. Get it in writing	After any call, send a short email confirming what was agreed before you sign the final document.

Health insurance costs (COBRA). Under COBRA you can usually keep your plan, but you pay the full premium plus a 2% fee. Using the 2025 national average premiums ($9,325 a year single, $26,993 family), that is about **$793 a month** for a single plan and about **$2,294 a month** for a family plan. Use your own plan's number if you have it.

Non-competes. California, Minnesota, Montana, North Dakota, Oklahoma and Wyoming ban most non-competes outright, and many other states limit them by income. The Federal Trade Commission's nationwide ban was blocked in court, and the agency dropped its appeal in September 2025, so your state's law is what counts.

WARN Act. Employers with 100 or more employees generally must give 60 days' notice before a mass layoff or plant closing; some states require more. If notice was owed and not given, raise it.

2. The worked example: Marcus and Priya

Same team, same six years, same $85,000 salary ($1,634.62 a week). Same offer: 6 weeks of pay and 2 months of COBRA paid by the company, sign within 48 hours. COBRA valued at $793 a month.

LINE ITEM	MARCUS (SIGNED SAME DAY)	PRIYA (NEGOTIATED)
Severance pay	6 weeks = $9,808	10 weeks = $16,346
COBRA paid by the company	2 months = $1,586	4 months = $3,172
Non-compete	As printed	Direct competitors only
Reference	Not addressed	Neutral, in writing
Total cash value	**$11,394**	**$19,518**

Gap: $8,124. After Priya's $250 flat-fee attorney review she is $7,874 ahead. Three months later her narrower non-compete let her take a job at a company selling a related product.

Priya's eleven days

1. **Day 1:** asked HR by email for one week to review the agreement. They agreed.
2. **Days 2 to 6:** a flat-fee attorney review ($250) flagged the non-compete as broader than her state was likely to enforce; she priced her own COBRA cost ($793 a month).
3. **Day 7:** sent the counter email below.
4. **Day 11:** HR agreed to 10 weeks, 4 months of COBRA, a narrower non-compete and a neutral reference in writing.

3. The email

> Thank you for the offer and for the time to review it. Before signing, I'd like to request three adjustments: severance of [10] weeks rather than [6], reflecting my tenure; [4] months of COBRA coverage rather than [2]; and a non-compete limited to direct competitors. I'm happy to discuss.

After any call: "Confirming what we discussed: [10] weeks of severance and [4] months of COBRA. Thank you."

4. Your worksheet

ITEM	AS OFFERED	WHAT I WILL ASK FOR
Annual salary ÷ 52 = weekly pay		
Weeks of severance × weekly pay		
My COBRA cost per month (full premium + 2%)		
Months of COBRA paid × monthly cost		
Unused vacation days × daily pay (salary ÷ 260)		
Stock vesting within the next 6 months (value and date)		
Non-compete: scope, length, my state's rule		
Reference wording		
Am I 40 or older? Is there an age-claims release? Days to consider / revoke		
Total cash value		

5. Before you sign: checklist

- [ ] I did not sign in the room or on the same day.
- [ ] I read the whole document: non-compete, release of claims, exact months of health coverage.
- [ ] I know my COBRA cost, my vesting dates and my unused vacation.
- [ ] I asked for time first, then sent two or three specific requests.
- [ ] If there is a non-compete, a release of claims or stock on the table, I paid for a one-time attorney review.
- [ ] Every promise is in writing before I sign.

6. Questions for an employment attorney

1. Is this non-compete enforceable in my state, and what narrower wording should I ask for?
2. What claims am I releasing, and is the release broader than the severance justifies?
3. Does the non-disparagement clause stop me from describing my own job, title or dates honestly?
4. Do any federal or state review periods apply to me, and is the stated deadline valid?
5. Can unvested stock be accelerated or the exercise window extended?
6. Was notice owed under the WARN Act or my state's version?

Assumptions

Worked example: $85,000 salary, 52 weeks a year, six years of service, one week of severance per year, COBRA at $793 a month (2025 national average single-plan premium of $9,325 a year, plus the 2% COBRA fee), taxes ignored. Every employer, plan and state is different; use your own numbers in the free calculator at aitaconsultinginternational.com/severance-package-calculator/.

General information, not legal, tax or financial advice. Severance terms, COBRA costs, review periods and non-compete rules depend on your employer, plan, age and state. For anything involving a non-compete or a release of legal claims, talk to a licensed employment attorney in your state before signing. Sources: KFF 2025 Employer Health Benefits Survey; 29 U.S.C. § 626(f) (Older Workers Benefit Protection Act); Ryan LLC v. FTC and the FTC's September 2025 withdrawal of its appeal; the WARN Act, 29 U.S.C. § 2101 et seq. Sam's Economics.