

**465.72 SEVERANCE PAY.**

Subdivision 1. **Payment; limits.** Except as may otherwise be provided in Laws 1959, chapter 690, as amended, a county, city, township, school district or other governmental subdivision may pay severance pay to its employees and adopt rules for the payment of severance pay to an employee who leaves employment. Severance pay does not include compensation for accumulated sick leave or other payments in the form of periodic contributions by an employer toward premiums for group insurance policies for a former employee. The severance pay must be excluded from retirement deductions and from any calculations in retirement benefits. Severance pay must be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Severance pay provided for an employee leaving employment may not exceed an amount equivalent to one year of pay.

Subd. 2. [Repealed, 1988 c 605 s 14]

**History:** 1973 c 123 art 5 s 7; 1973 c 298 s 1; 1979 c 334 art 6 s 24; 1980 c 614 s 151; 1Sp1981 c 4 art 2 s 37; 1986 c 455 s 91; 1988 c 605 s 10