

Weighing Your Options Before Taking a Buyout

BY TODDI GUTNER

Voluntary buyout packages seem to be commonplace in Corporate America during troubled times. Deciding whether to accept or reject that offer is never easy. There are few things to consider as you decide. Most important is to realize that you have

“some leverage in the negotiation process,” says Paul Gavejian, managing director of Total Compensation Solutions in Armonk, N.Y.

■ **Determine the financial feasibility.** Work with your financial adviser to help you figure out how much money you'll need until you land another job—or whether retiring earlier than you'd planned is feasible. If you decide to take the offer, discuss with your planner how you should take it: as a lump sum, which could have steep tax implications, or in installments. Consider installments only if you have confidence in the financial health of the company.

■ **Assess the remaining job.** Ask yourself why the company is offering the buyout. “If business is really bad and the company is a sinking ship, do you really want to hang around?” says Brad Karsh, president of Job-Bound, a career-consulting firm in Chicago. Try to figure out what your job will be like if you stay. “Ten people might be doing the work of 20 since they won't be replacing those who leave,” says Mr. Karsh. If you believe the thinned ranks means more opportunity, you might want to wait it out.

■ **Know your numbers.** Not everyone is offered the same terms, so ask colleagues about the packages they received. While buyouts vary, most severance packages typically offer six

months to a year of salary for vice president titles and above. “Ask how the severance has been calculated,” says Alane Baranello, a managing director at Eileen Finn & Associates, an executive search firm. Standard best practice is two weeks' pay for every year you've been with a company, with up to four weeks at senior levels. Make sure pay for unused vacation and sick days is included in your package.

■ **Secure your future.** Hammer out the least-restrictive noncompete agreement you can get and get clarity about the impact of the buyout on any stock options, restricted stock, or retirement accounts you have with the firm, says Mr. Gavejian. Ask to convert the company's group life-insurance policy into an individual plan. And request a positive reference letter or recommendation to help you in your job hunt.

■ **Consult with an attorney.** Don't sign any offer until an attorney has reviewed the terms in writing. By law, you are entitled to a certain amount of time to review the package, typically 45 days if a group of employees is affected, Ms. Baranello says. If the terms aren't favorable, go back to the bargaining table. You have more power if your particular group is a target of trimming or if you are a high performer.

■ **Take stock of the job market.** If you aren't ready to retire, ask yourself whether your skills are in demand, or if, conversely, the market is flooded with professionals in your field. Ask executive recruiters or people in your network how long a search in your field will take. To make the search easier, ask your employer if you can continue to have a title—like project consultant—at the company until you find a new position, advises Mr. Gavejian.

