

## Legislative Update MARCH 2025\*

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### **NEW YORK STATE SENATE APPROVES LEGISLATIVE BILL WHICH COULD IMPACT EMPLOYERS' USE OF SEVERANCE AGREEMENTS WITH EMPLOYEES**

On March 4, 2025, the New York State Senate passed Senate Bill S372, entitled the “No Severance Ultimatums Act.” This bill has been delivered to the New York State Assembly for its consideration. If passed by the State Assembly and signed into law by the Governor of New York, this legislative bill would impact severance agreements reached between employers and employees in the State of New York.

A primary purpose of Senate Bill S372 is to impose a mandate upon employers who utilize severance agreements to require those employers to provide employees with a minimum period of time in which to consider the employer’s proposed severance agreement. Under current law, the Older Workers Benefit Protection Act (which amended the federal Age Discrimination in Employment Act of 1967), employers who seek a valid and enforceable waiver of an employee’s right to bring a claim for age discrimination must give the employee a minimum of 21 calendar days in which to consider whether or not to sign the agreement, plus another 7 days after signing in which the employee is entitled to change his or her mind and revoke the severance agreement.

If enacted, this Senate Bill would require that employers give an employee who is being offered a severance agreement a minimum of 21 business days to consider whether or not to sign the agreement, plus another 7 days after signing in which to change his or her mind and revoke the severance agreement. The bill provides for 21 business days instead of 21 calendar days, but also provides an option for employees to sign the agreement prior to the expiration of 21 business days.

According to the Bill’s summary, this law would prohibit “coercive severance ultimatums” and would require that an employer “notify an employee or former employee of their right to consult an attorney regarding the agreement”; provide at least 21 days for an employee to review such agreement; allow an employee to revoke an agreement within 7 days of execution of the contract; and allow “an agreement to be signed in less than 21 days so long as it is knowingly and voluntarily done, and without fraud on the part of the employer.” This law would also declare that “any severance agreement shall be deemed void and unenforceable if it violates the provisions of this bill.” This law would not prevent any law or regulation from providing greater protections to employees than the protections contained in this bill. Finally, this bill, if enacted into law, would not apply to severance agreements negotiated pursuant to a collective bargaining agreement.

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