Layoff / Reduction in Force (RIF) Policy

Policy · US · Updated 2026-08-09 · Square brackets are placeholders to replace with your own details.

A layoff / reduction in force (RIF) policy is the written framework a company follows when it eliminates positions for business reasons: the alternatives it considers first, how it defines the group of jobs at risk, the criteria it uses to decide who is selected, the review that checks the outcome for unintended bias, and the documentation it keeps at every step.

A RIF is judged in hindsight: months later, a former employee, an attorney, or an agency investigator will ask why this person and not that one. If the honest answer is "the managers picked names in a meeting," the company has a problem however sound the business reasons were. The defensible RIF is the documented one: criteria set before names, scores recorded, outcomes reviewed.

This template gives you the full framework: alternatives, business case, selection units and criteria, the adverse-impact review, WARN and state notice considerations, severance and final pay, and the notification-day communication plan.

Purpose and scope

This policy sets out how [Your company] plans and carries out a layoff or reduction in force when positions are eliminated for business reasons — restructuring, cost reduction, site closure, loss of work, or similar. It applies to [all employees / all US employees] and to every leader involved in planning or deciding a RIF.

Nothing in this policy changes the at-will nature of employment at [Your company] or creates a contractual right to any selection method, notice period, or severance. It exists so that a necessary RIF is done consistently, lawfully, and with as much dignity as the situation allows.

Alternatives considered first

Before any RIF is approved, [leadership/name/role] documents which alternatives were considered and why they were or were not adopted:

- Hiring freezes, unfilled vacancies (including roles at-risk employees could fill), and reducing contractor and temporary labor first.
- Voluntary measures: [voluntary separation packages, early retirement offers designed with counsel, voluntary reduced schedules].
- Reduced hours or pay actions [where lawful — these have state wage-law and notice implications; check your state's rules].
- Redeployment and retraining into funded roles.

Business case and selection unit

Every RIF starts with a written business case approved by [role]: what is changing, why, which functions or locations are affected, and roughly how many positions. The business case is about positions, not people — names come later, from criteria.

From the business case, [HR/name/role] defines each selection unit: the group of comparable roles from which selections will be made. Drawing the unit too narrowly around a known individual is the classic RIF mistake; the unit follows the organization chart and the work, and its boundaries are documented.

Selection criteria

Within each selection unit, selections are made against criteria set in writing before any names are discussed. Criteria should be job-related, as objective as the work allows, and applied by [at least two] assessors with scores recorded:

- Skills and qualifications relevant to the work that will remain, not the work going away.
- Documented performance: ratings, reviews, and disciplinary records already on file — not impressions assembled for the occasion.
- Criticality of current assignments and [customer/project] continuity.
- [Length of service, as a tiebreaker or weighted factor, if [Your company] chooses to use it.]
- Never: age, race, color, religion, sex, national origin, disability, genetic information, veteran status, protected leave or accommodation history, whistleblowing or complaints, or any proxy for these ("energy," "runway," "fit" without content).

Selection criteria matrix

Score every employee in the selection unit against the same matrix, before names are discussed. Each assessor scores independently; scores are then compared and differences over [1 point] discussed and documented. Keep the completed matrices — they are the evidence that selection was criteria-driven.

- Row per employee in the selection unit; columns: criterion, weight, score, evidence.
- Criterion: [Skills and qualifications for remaining work] — weight [40%] — score [1–5] — evidence: [certifications, systems, cross-training on file].
- Criterion: [Documented performance] — weight [30%] — score [1–5] — evidence: [last two review ratings, any live disciplinary record].
- Criterion: [Criticality of current assignment] — weight [20%] — score [1–5] — evidence: [projects/customers dependent on the role].
- Criterion: [Length of service, if used] — weight [10%] — score [1–5] — evidence: [start date on file].
- Total: weighted sum, ranked low-to-high within the unit; ties broken by [tiebreaker], recorded in writing.

Adverse-impact review

Before selections are final, [HR/name/role, with counsel] reviews the provisional list against the retained population: does the outcome fall disproportionately on any protected group, in any selection unit or overall?

A skew is a stop sign, not automatically a verdict: check that the criteria were applied as written, that the scores support the outcome, and that a documented business justification exists. Where the skew cannot be explained, the selection is reworked before anyone is notified — after notification is too late. The review and any changes it produced are documented and retained [with counsel, under privilege where appropriate].

Notice, final pay, and benefits

- WARN review: [name/role] and counsel assess early whether the event is a covered plant closing or mass layoff under the federal WARN Act — which, per DOL, requires covered employers (generally 100 or more employees) to give 60 days' advance written notice — and whether any state mini-WARN law applies. Document the conclusion either way.
- Final pay: confirm each affected state's final-paycheck rules before notification day — timing varies by state and some states require the check very quickly; accrued PTO payout also depends on state law and the PTO policy.
- Severance [if offered]: [weeks per year of service / formula], subject to a release of claims prepared and reviewed by counsel — federal rules govern waivers, particularly of age discrimination claims.
- Benefits: coordinate with the plan administrator so required health coverage continuation notices go out on time — see DOL guidance on COBRA — and confirm treatment of [retirement plan contributions, equity, commissions in the pipeline].

Notification day

- Each affected employee hears the news in a private, individual meeting with [their manager and an HR representative] — never by group email, and never after the rumor mill.
- The message is short, direct, and final: position eliminated, the reason in a sentence or two, and what happens next — not a performance conversation, not a negotiation.
- Each employee leaves the meeting with their dates, final-pay information, benefits and continuation-coverage information, [severance offer and review period, outplacement support if offered], and a named contact for questions.
- Remaining employees are told the same day: what happened, why, and what it means for them. Silence breeds a second wave of departures.
- Offboarding — equipment, access, records — follows the exit and offboarding procedure; references follow the reference request procedure.

Documentation, records, and review

The file for every RIF includes: the business case, alternatives considered, selection unit definitions, criteria and scoring records, the adverse-impact review, WARN/state notice analysis, notification materials, and any severance and release documents — retained at [system/location] for [period] under [HR/legal] control. This file is the company's answer to "why this person and not that one," assembled as decisions happen, not reconstructed later.

This policy is reviewed [frequency, e.g. annually], after any RIF, and when federal or state law changes. Owner: [name/role]. Next review due: [date].

How to use this template

1. Adopt this policy before you need it — the safeguards only work when they exist ahead of the pressure of an actual RIF.
2. Fill in the decision roles now: who approves a business case, who defines selection units, who runs the adverse-impact review, and which counsel gets the early call.
3. Check WARN and your states' mini-WARN laws with counsel as soon as a RIF is contemplated — notice obligations shape the entire timeline.
4. Set the severance formula and release process with counsel in advance, so notification day offers are consistent rather than improvised.
5. Train the leaders who will run notification meetings — a script, a practice run, and clear rules on what not to say.
6. After any RIF, review the file for gaps while memories are fresh and feed the lessons back into this policy.

Official guidance

- DOL — Worker Adjustment and Retraining Notification (WARN) Act
- DOL — Layoffs
- EEOC — Prohibited employment policies and practices