EMPLOYMENT OFFER LETTER & GUIDE

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1. Overview

Starting out on the right foot is essential to establishing a productive, successful, and professional workplace, and a prospective employee’s first impression of a company may be created by its offer letter. There are many advantages to a well-crafted offer letter, the most obvious of which is the legal protection it affords a company or business. By providing written employment terms—including details of potential compensation, position, and at-will status—the company is creating a legal document that, when signed, can prove valuable if disputes occur.

Additionally, an offer letter lists employment terms, limiting later confusion and disagreement about those provisions. An express statement of those terms not only eliminates ambiguities, but also establishes a working relationship built on mutual understanding.

This document contains offer letter essentials, providing a standard form that can easily be revised and used again for future employees. If you follow the guidelines provided, you can use your offer letter effectively and successfully. You will then have taken a necessary step towards protecting your business while minimizing confusion, misunderstanding, and error. In every way, this promotes a successful work environment and the best results.

2. Dos & Don’ts Checklist

Although preparing an offer is a valuable first step, the following suggestions will further protect your business and promote long-lasting employment relationships:

☐ Before sitting down to draft your agreement, think about the employment relationship and the priorities you want to communicate. A good offer letter is one that accurately captures the intentions of the company and clearly expresses them to the prospective employee. This allows you to clarify the terms and conditions of the agreement before expressing them in writing.

☐ You must include specific information in the letter. State the salary clearly and explain how often payments will be made (weekly, bi-weekly or monthly). Include the hire date and the position title. If there is a qualifying period before the employee can receive benefits, include that condition as well.

☐ Do not promise raises, bonuses, or other business perks if those are not guaranteed. Do not include anything that is not an absolute. Many lawsuits are predicated upon misunderstandings related to expected bonuses. If you have a simple bonus calculation applicable to this employee, include that information.

☐ If the company will reimburse or provide funds for moving expenses, include that information here and make your language precise.

☐ The new employee should be allowed adequate time to review the document before signing. This will reduce the likelihood, or at least the efficacy, of a claim that he or she did not understand the agreement’s terms. Be prepared to answer questions about the offer letter and documents attached or referred to in it.
If you tailor this offer letter for later business, do not alter the at-will language or insert terms that would conflict with that language (for example, references to long-term employment). Nothing in this letter or other writing should contradict your agreement for at-will employment. Many wrongful termination cases have been launched on the employee’s mistaken assumption that his or her employment was for a guaranteed length of time or that they could not be terminated without cause.

Regardless of the nature of your agreement, the offer letter should be signed before the employee starts work.

Maintaining accurate records is essential for your company’s long-term success. All of your important documents should be kept in safe and accessible files.

You must be consistent and non-discriminatory in your treatment of all employees. Comply with all applicable state and federal laws, all of the time. This means you cannot apply rules to some employees and not to others; no matter what relationships the employee has with managers or executives, all rules must be applied equally.

You should consider preparing a grievance policy/complaint policy and incorporating it into your employee handbook, if you have not already done so. Employees can use this policy to determine where to go if they have any complaints.

Make sure that all of your company’s managers and supervisors are instructed in proper managerial conduct and responsibilities. A company may be held liable for the actions of its managers in the course of business, which (win or lose) can result in extremely expensive litigation. You should make certain that your managers have a good understanding of the company’s critical business policies (for example, those governing sexual harassment and access to personnel files).

If the deal or agreement you are entering is complicated, you should not use this offer letter. Contact an attorney to help you develop a contract more suited to your explicit needs.

3. General Offer Letter Instructions

The following instructions will help you understand the terms of your sample offer letter. The numbers below correspond to numbers in the offer letter. Please review the entire letter before starting the step-by-step process.

1. Insert the effective date of hire. This is typically the day the employee will actually begin work.

2. Payment Information. Insert the employee’s annual base salary. Do not include bonus or other compensation information here. Describe the payment schedule (weekly, monthly, etc.). This should reflect your existing payroll schedule.
3. Insert the new employee’s job title. This title should be appropriate for the employee’s new job duties.

4. Insert the new employee’s area (for example, company division) and duties. Be thorough when describing employee duties: although the offer letter explains that these duties can be changed at any time, employees will request a raise when given additional responsibilities.

5. Insert the title of the new employee’s supervisor. This is usually the person responsible for supervising the employee’s day-to-day work.

6. As noted above, if your company has not already adopted an employee handbook, it should do so. Delete this paragraph if your company does not have an employee handbook.

7. If the employee will be signing non-disclosure, confidentiality, or invention assignment agreements, list those agreements here. These additional agreements should be signed before the start of employment.

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Form Sample

Model Offer Letter

COMPANY LETTER HEAD INFORMATION

Date

Name & Address of Recipient

Title [for example—Offer for the Employment

Dear [insert name]:

It is my pleasure to extend the following offer of employment to you on behalf of [insert name of company] (referred to by “Company”). This offer letter sets forth the basic terms and conditions of your employment.

Prior to the start of your employment with the Company, it is very important to understand the terms of your employment. Please review the terms set forth in this letter carefully, and do not hesitate to make inquiries where necessary. If you do have questions, contact [insert contact name and phone number].

In accepting this offer, you will be agreeing to the following terms:

Your effective date of hire will be [insert date here].

You will be paid an annual base salary of [insert exact number here], less payroll deductions (payable as _______ semi-monthly) which covers all benefits. Generally, your salary will be reviewed annually but the Company reserves the option to change your compensation on reasonable notice.

Your initial job title is [insert title here].