My company is downsizing. Explain to me what is a severance agreement from legal perspective, what will happen if I don't sign it?

I'll research this in Norwegian employment law — the Working Environment Act (arbeidsmiljøloven), its preparatory works and relevant court decisions — and then explain what a severance agreement (sluttavtale) is and what happens if you decline it.

Used 21 tools, read 2 pages, loaded tools ›

A **severance agreement** (*sluttavtale*) is a contract in which you and your employer agree that your employment will end, usually in return for a payment or other benefits. If you don't sign it, nothing ends automatically: your job continues, and if the employer still wants you to leave, it has to go through a formal dismissal. In that process you keep all your legal protections, but you may lose the package.

What a severance agreement is

Norwegian law has no separate section on severance agreements. A sluttavtale is an ordinary contract between you and your employer, so contract law applies, not the dismissal rules. That is the key point.

When an employer *dismisses* you (*oppsigelse*), the Working Environment Act protects you strongly:

- The dismissal must be objectively justified (§ 15-7).
- It must meet strict formal requirements (§ 15-4).
- You can demand negotiations (§ 17-3), take the case to court (§ 17-4) and often keep working while the dispute runs (§ 15-11).

When you sign a sluttavtale, you agree to leave. There is then no dismissal to challenge. In practice, you trade that protection for what the agreement gives you. Employers use these agreements in downsizing because they avoid the legal risk of a contested dismissal.

The act says its rules can't be waived by agreement to the employee's disadvantage (§ 1-9). Even so, the general understanding is that an employee can validly agree to leave in a concrete situation [modellkunnskap — verifiser]. The act itself treats agreements made *after* a dismissal differently from those made before it (§ 15-3 eighth paragraph).

Typical contents:

- the end date, and whether you're released from work while still paid
- the severance sum
- holiday pay and pension
- a reference letter
- often a clause saying you waive all other claims against the employer

That last clause matters. In the Supreme Court case below, the agreement said the employees gave up any further claims connected to their departure (HR-2020-2202-A, para. 12).

If the agreement contains a **non-compete clause**, it must follow chapter 14 A of the act:

- it must be in writing
- it is limited to what the employer specifically needs
- it can last at most one year (§ 14 A-1)

The bill behind these rules says such clauses can be agreed when you're hired, during employment, or when the employment ends. So the rules apply to clauses in a severance agreement too (Prop. 85 L (2014–2015)).

Once signed, it's hard to undo

A signed agreement can only be set aside or changed if enforcing it would be unreasonable (avtaleloven § 36). The leading Supreme Court case shows how high that bar is (HR-2020-2202-A, 2020). The court's own page serves the full decision text; I read the PDF.

- **Facts:** During a downsizing, seven employees aged 57–59 were offered a lump-sum package with about a week to answer. They believed they were entitled to early retirement as well. Several of them protested by email, then signed anyway, feeling they'd otherwise get nothing (paras. 9–11, 27).
- **No automatic right to a package:** Severance schemes that don't follow from the employment contract, a collective agreement or the law can, as a starting point, be changed by the employer (para. 32). That holds unless the employer has bound itself by a promise (paras. 34–35).
- **Outcome:** The court refused to revise the agreements (paras. 75–76). It stressed that the written policy was clear and that the union representatives hadn't objected. It did note the employer could have communicated better, and for that reason no one had to pay the other side's legal costs (para. 78).

The lesson: objections you raise *before* signing count for much more than complaints afterwards.

What happens if you don't sign

1. Your job continues. The offer simply lapses. Declining is not quitting.

2. If the employer still wants you out, it must formally dismiss you, with full legal protection:

- It must first discuss the dismissal with you and your union representative, including how employees were selected (§ 15-1).
- In a downsizing, the dismissal isn't justified if the company, or another company in the same group, has other suitable work for you. The company's needs must also be weighed against the harm to you (§ 15-7).
- The dismissal must be written and must inform you of your rights and deadlines (§ 15-4). If it doesn't, the court deadline doesn't apply (§ 17-4 fourth paragraph).
- You have a notice period of at least one month. It is longer with long service and higher age, up to six months (§ 15-3).
- If you've worked there at least 12 months in the last two years, you get a **preferential right to re-hiring** for one year (§ 14-2). Note that a 2026 amendment to this section has been passed but is not yet in force. A sluttavtale may not give you this right unless it is written in.

3. You can challenge the dismissal. There are strict deadlines:

Step	Deadline
Demand negotiations in writing (§ 17-3)	2 weeks from the dismissal
Go to court (§ 17-4)	8 weeks (6 months if you only claim compensation)
Keep working during the case (§ 15-11)	Sue, or give written notice that you will, before your notice period ends

If the court finds the dismissal unlawful, it can declare it invalid and award compensation (§ 15-12).

4. The trade-off: You may lose the package. Unless it follows from your contract, a collective agreement or a binding promise, the employer has no duty to keep offering it. If the dismissal is lawful, you may end up with only your notice-period pay.

5. Unemployment benefits (*dagpenger*): NAV can impose an 18-week waiting period if you "quit without reasonable grounds" (folketrygdloven § 4-10). Being dismissed for business reasons is not one of the listed grounds. Signing an agreement to leave voluntarily *could* be assessed differently. Ask NAV how it views your situation before you sign, and consider asking for wording that makes clear you're leaving because of the downsizing.

Practical steps before you decide

- Ask for reasonable time to consider the offer.
- Get the agreement reviewed by your union or a lawyer. Look especially at the waiver clause, any non-compete, pension, and the dagpenger effect.
- Compare the package with what a formal dismissal would realistically give you.
- Put any objections in writing before you sign, not after.

I'm not a lawyer, and this is information from the retrieved sources, not legal advice. For a decision of this size, have someone look at your actual agreement. The best options are your **trade union** if you're a member (usually free), Advokatenhjelperdeg to find an employment lawyer, Jussbuss for free legal aid in Oslo, Arbeidstilsynet for general guidance, and NAV on the dagpenger question.

Sources:

- Arbeidsmiljøloven: § 1-9, § 14-2, § 14 A-1, § 15-1, § 15-3, § 15-4, § 15-7, § 15-11, § 15-12, § 17-3, § 17-4
- Avtaleloven § 36
- Folketrygdloven § 4-10
- HR-2020-2202-A
- Prop. 85 L (2014–2015)

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