August 18, 2026

New York Poised to Expand Severance Agreement Requirements: What Employers Need to Know About the No Severance Ultimatums Act

On June 1, the New York Legislature passed Senate Bill S372A, the No Severance Ultimatums Act (the act). The bill, which is awaiting Governor Kathy Hochul's signature, would amend the New York Labor Law (NYLL) to require employers to provide employees with specific notice, review, and revocation rights in connection with severance agreements that require a release of any waivable claims.

The Current State of the Law

The NYLL comprehensively regulates wages, hours, working conditions, and other employee rights in New York. Because the NYLL frequently provides greater protection than comparable federal laws such as Title VII of the Civil Rights Act of 1964 and the Fair Labor Standards Act, it is often the controlling source of employer obligations in the state.

Despite its breadth, the NYLL does not currently impose notice, review, or revocation requirements on severance agreements. By contrast, the Older Workers Benefit Protection Act, an amendment to the federal Age Discrimination in Employment Act (ADEA), requires, among other things, that severance agreements offered to employees age 40 or older include a 21-day review period and a seven-day revocation period. For "group terminations" as defined under the ADEA, the review period for employees age 40 or older extends to 45 days, and employers must provide additional disclosures about the job titles and ages of employees selected and not selected for the layoff.

New York's General Obligations Law currently requires a 21-day consideration period and seven-day revocation period for nondisclosure agreements covering discrimination, harassment, or retaliation claims.

The No Severance Ultimatums Act

The act would apply more broadly and prohibit "coercive severance ultimatums," —severance agreements that lack certain required provisions. The act defines "severance agreement" as "an agreement offered by an employer to an employee upon separation of employment and related to such separation that requires such employee to release waivable claims against their employer."

The act requires employers offering a severance agreement to notify the employee that the employee:

- has the right to consult an attorney regarding the severance agreement;
- has at least 21 days to consider the severance agreement before signing it;
- may revoke their acceptance of the severance agreement within seven days of execution, and the severance agreement will not become enforceable until that revocation period has expired; and
- may execute the agreement before the 21-day review period expires provided the decision to shorten the review period is knowing, voluntary, and not induced by the employer through fraud, misrepresentation, a threat to withdraw the agreement, or an offer of different terms contingent on early signing.

These requirements can be waived only through a severance agreement negotiated pursuant to a collective bargaining agreement that acknowledges the act's provisions. Any severance agreement that violates the act without a proper waiver will be deemed null and void.

If signed by Governor Hochul, the act will take effect immediately. The act does not contain any express provision addressing its application to severance agreements already in negotiation as of the effective date. Out of an abundance of caution, employers should consider applying the act's requirements to any severance agreement that has not yet been executed as of the date the act is signed into law.

Bottom Line

The No Severance Ultimatums Act represents a significant expansion of employee protections under the New York Labor Law. Once signed into law, the act will require all New York employers to include specific notice, review, and revocation provisions in any severance agreement that contains a release of claims, regardless of the employee's age or the nature of the claims being waived. This goes well beyond existing federal requirements under the ADEA, which apply only to employees age 40 or older, and beyond New York's General Obligations Law, which imposes similar timing requirements only for nondisclosure provisions related to discrimination, harassment, or retaliation claims.

Employers operating in New York should take immediate steps to review and update their severance agreement templates to ensure compliance with the act's requirements, including the mandatory 21-day consideration period, seven-day revocation period, and notice of the right to consult with an attorney. Failure to comply with the act could render severance agreements null and void.

Authors

Rachel A. Gonzalez
Partner

Parsippany, NJ | (973) 966-8201

New York, NY | (212) 297-5800

rgonzalez@daypitney.com

James M. Leva
Partner

Parsippany, NJ | (973) 966-8416

Stamford, CT | (973) 966-8416

jleva@daypitney.com

Jonathan E. Kohut
Associate

Parsippany, NJ | (973) 966-8116

New York, NY |

jkohut@daypitney.com