



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

LEGAL FLASH # 001117

“EVICTON BONUS IN CASES OF VOLUNTARY RETIREMENT”

Dear Clients and Friends:

The National Court of Justice of Ecuador has recently issued a binding jurisprudential precedent addressing the impropriety of the eviction bonus in cases of voluntary retirement. Below, we share with you an analysis of this decision that has important implications for workers and employers in the country:

Summary of the decision and legal context

Workers who choose to terminate their labor relationship through voluntary retirement, in order to receive retirement benefits, will not be able to receive the severance bonus contemplated in Article 184 of the Labor Code, since, according to the Court's criteria, the worker would be receiving a double benefit.

It is important to point out that this decision is framed in the specific context of the Ecuadorian public sector. The “voluntary retirement” referred to in the resolution is a figure applicable only to employees or workers of public companies, and should not be confused with the forms of termination of labor relations in the private sector.

Basis of the decision

Voluntary retirement already grants the worker the right to receive up to 7 Unified Basic Salaries (SBU) for each year of service, with a limit of 210 SBU. To additionally grant the termination bonus would result in a double benefit for the termination of the labor relationship.

This decision limits the economic benefits that public servants can receive at the time of retirement through voluntary retirement and, at the same time, represents a legal clarification that could result in significant savings for public companies, by not having to pay the severance bonus in these cases.

Quito: Av. República de El Salvador N 36-230 y Av. Naciones Unidas,
Edificio Citibank, 2do piso. Teléfono: (593-2) 2 970-193 / 195 / 198 / 199
Guayaquil: Junín 114 y Malecón Simón Bolívar, Edificio Torres del Río, 8vo piso.
PBX: (593-4) 2 300-814



@legalecuador



www.linkedin.com/company/legalecuador





NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

Final considerations

It is important to note that this decision refers specifically to voluntary retirement in the public sector and does not directly affect employer retirement in the private sector. In addition, it is advisable to wait for the full publication of the resolution for a more exhaustive analysis of its implications.

We hope that this information, which does not constitute advice as it is of a general nature, will be useful to you. If you have any specific concerns, we will be happy to assist you.

NOBOA, PEÑA & TORRES ABOGADOS

www.legalecuador.com

To stop receiving this type of information send e-mail to: desuscribirme@legalecuador.com

Quito: Av. República de El Salvador N 36-230 y Av. Naciones Unidas,
Edificio Citibank, 2do piso. Teléfono: (593-2) 2 970-193 / 195 / 198 / 199
Guayaquil: Junín 114 y Malecón Simón Bolívar, Edificio Torres del Río, 8vo piso.
PBX: (593-4) 2 300-814



@legalecuador



www.linkedin.com/company/legalecuador

