

## Golden Parachutes

"Golden parachutes" get a lot of press, and they always sound like elite packages for high-level executives. Very few people get them, and very few people know how they work. Companies usually reserve them for executives at the top of the organization chart, and these contracts establish an agreed-upon compensation package that the employee would immediately receive upon termination. The benefits package usually includes a list of specific terms that explain what the terminated employee will receive.

### How a Golden Parachute Works

When someone is offered an executive position at a firm, the contract will often include a golden parachute or a walk-away pay clause. This clause states the amount of severance pay, stock options, and cash bonuses that he or she would get. The contract includes clear language about the conditions under which a golden parachute applies. The terms can be weighed so heavily in the employee's favour that it almost seems like termination could come as good news. Some clauses cover an employee if they are terminated due to a merger. Golden parachutes have benefited companies and individuals, but they've also created some controversy.

### Advantages of Golden Parachutes

Providing golden parachute clauses, companies are able to have an easier time finding executives. Golden parachutes are a main selling point in attracting new high-level employees. Executives typically want to have some security, especially if they are looking to work in a company that is at high risk of being bought out by another firm, or if the company has a reputation for staff turnover at the top levels. Offering golden parachutes, businesses draw from a larger pool of applicants.

High severance packages also reward risk takers. Golden parachutes can help alleviate the stress that executives feel about their job. Many of them are nervous that making mistakes or going the wrong way on key decisions can lead to losing their job, so they are reluctant to take risks or go against the status quo. Corporations need leaders who are willing to take risks, and golden parachutes can be a tool to help them be effective leaders and make bold decisions.

Lucrative walk-away pays also remove the conflict of interest that an executive would have during a merger, when executives can be tempted to delay or even sabotage the efforts because they are afraid of losing their own job. With a golden parachute clause guaranteeing their compensation, they may be more objective about evaluating a merger.

Attractive golden handshakes reduce the probability of a hostile takeover. When golden parachutes are in place, other companies find hostile takeovers less appealing because they'd be responsible for expensive termination packages.

What they also do is facilitate more amicable severances. When employees are fired, they often want to retaliate against their employer. They may threaten to sue, disclose sensitive material, or take even more drastic action. Under a golden parachute agreement, they will usually be more than happy to part ways without either party feeling any tension.

Adapted from [www.moneycrashers.com](http://www.moneycrashers.com)

**Ex. 1 Find the words or expressions in the text which mean the following:**

- 1) exclusive: \_\_\_\_\_
- 2) decided in advance: \_\_\_\_\_
- 3) money you receive when you leave a job: \_\_\_\_\_
- 4) when two companies are joined to form one: \_\_\_\_\_
- 5) an aspect that convinces you to choose one product over another:  
\_\_\_\_\_
- 6) rotation of employees at one position: \_\_\_\_\_
- 7) to make stress weaker: \_\_\_\_\_
- 8) a brave decision: \_\_\_\_\_
- 9) to feel the need to do sth, usually dishonest or illegal: \_\_\_\_\_
- 10) attractive: \_\_\_\_\_
- 11) to make sth easier, to promote sth: \_\_\_\_\_
- 12) friendly: \_\_\_\_\_

**Ex. 2 Match the expressions from the two columns into logical collocations:**

- |                     |                          |
|---------------------|--------------------------|
| 1) to get           | of interest              |
| 2) the organization | position at a firm       |
| 3) the benefits     | as good news             |
| 4) an executive     | package                  |
| 5) to weigh         | takeover                 |
| 6) sth comes        | a lot of press           |
| 7) to have          | package                  |
| 8) the conflict     | a reputation for sth     |
| 9) a hostile        | the terms in sb's favour |
| 10) a termination   | chart                    |

**Ex. 3 Provide English equivalents of these expressions:**

1) ustanie zatrudnienia	7) niechętnie podejmować
2) odprawa	ryzyko
3) premia gotówkowa	8) dochodowy
4) opcje na akcje	9) sabotować
5) zostać przejętym przez inną firmę	10) coś obowiązuje
6) pula	11) zemścić się na pracodawcy
	12) pozwać

**Grammar corner...**

When you read about the advantages of golden parachutes, you came across a sentence: Providing golden parachutes, companies are able to ... The first half of the sentence doesn't look too complete, does it? It should sound something like: Because companies are providing golden parachutes, they are able to ... OR at least: By providing golden parachutes, companies are able to ... However, such grammatical trick is actually more advanced and shows that you have good style by sounding more concise and to the point. Another example: *Because she didn't know about the confidentiality policy, she revealed many corporate secrets to her friends.* It can be turned into: *Not knowing about the confidentiality policy, ...* And yet another one, in the past: *Because she forgot about the deadline, she didn't deliver on time.* It becomes: *Having forgotten about the deadline, she didn't deliver on time.*

**Ex. 4 Rewrite the sentences so that they begin as shown.**

- 1) He overlooked an important clause in the agreement, which is why he lost a lot of money. => Having ...
- 2) He didn't realize his boss was standing behind him and he criticized him openly. => Not ...
- 3) Because he wanted to retaliate against his boss, he copied some sensitive files. => Wanting ...
- 4) Because she was looking forward to her vacation, she couldn't focus on her work. => Looking ...
- 5) Because he knew he had a very lucrative severance package, his termination came as good news to him. => Knowing ...
- 6) Because Saab chose not to diversify its product portfolio, it went under. => Not having ...

<b>GLOSSARY</b>	
<b>to go under</b>	zbankrutować
<b>to diversify your product portfolio</b>	dywersyfikacja portfela produktów
<b>sensitive files</b>	istotne lub wrażliwe pliki
<b>to part ways with sb</b>	rozstać się z kimś
<b>in advance</b>	z wyprzedzeniem
<b>a golden parachute / a golden handshake / a walk-away pay / a severance package / a termination package</b>	odprawa
<b>concise</b>	zwięzły
<b>elite</b>	ekskluzywny
<b>agreed-upon</b>	wcześniej ustalony
<b>a merger</b>	fuzja
<b>a selling point</b>	mocny punkt
<b>staff turnover</b>	rotacja pracowników
<b>to alleviate stress</b>	złagodzić stres
<b>a bold decision</b>	śmiała decyzja
<b>to be tempted to do sth</b>	ulec pokusie zrobienia czegoś
<b>appealing</b>	atrakcyjny
<b>to facilitate sth</b>	ułatwiać coś
<b>amicable</b>	przyjazny
<b>to get a lot of press</b>	być obecnym w mediach
<b>the organization chart</b>	hierarchia firmy
<b>an executive position</b>	wysokie stanowisko kierownicze
<b>to weigh the terms in sb's favour</b>	dostosować warunki na czyjąś korzyść
<b>sth comes as good news</b>	coś zostaje przyjęte z zadowoleniem
<b>to have a reputation for sth</b>	słynąć z czegoś
<b>a hostile takeover</b>	wrogie przejęcie
<b>termination</b>	ustanie zatrudnienia

<b>cash bonus</b>	premia gotówkowa
<b>stock options</b>	opcje na akcje
<b>to be bought out</b>	zostać przejętym
<b>a pool</b>	pula
<b>to be reluctant to take risks</b>	niechętnie podejmować ryzyko
<b>lucrative</b>	dochodowy
<b>to sabotage sth</b>	sabotować coś
<b>sth is in place</b>	coś obowiązuje
<b>to retaliate against sb</b>	zemścić się na kimś
<b>to sue</b>	pozwać

**ANSWER KEY:**

*Ex. 1*

- 1) elite
- 2) agreed-upon
- 3) a walk-away pay
- 4) a merger
- 5) a selling point
- 6) staff turnover
- 7) to alleviate stress
- 8) a bold decision
- 9) to be tempted to do sth
- 10) appealing
- 11) to facilitate sth
- 12) amicable

*Ex. 2*

- 1) to get a lot of press
- 2) the organization chart
- 3) the benefits package
- 4) an executive position at a firm
- 5) to weigh the terms in sb's favour
- 6) sth comes as good news
- 7) to have a reputation for sth
- 8) the conflict of interest
- 9) a hostile takeover
- 10) a termination package

Ex. 3

- 1) termination
- 2) severance pay / severance package / termination package / etc.
- 3) cash bonus
- 4) stock options
- 5) to be bought out by another firm
- 6) a pool
- 7) to be reluctant to take risks
- 8) lucrative
- 9) to sabotage
- 10)sth is in place
- 11)to retaliate against your employer
- 12)to sue

Ex. 4

- 1) ... overlooked an important clause in the agreement, he lost a lot of money.
- 2) ... having realized / realizing his boss was standing behind him, he criticized him openly.
- 3) ... to retaliate against his boss, he copied some sensitive files.
- 4) ... forward to her vacation, she couldn't focus on her work.
- 5) ... he had a very lucrative severance package, his termination came as good news to him.
- 6) ... diversified its product portfolio, Saab went under.