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Preparing an Employment Contract by [Hannah Miles](#)

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An employment contract should be well drafted and reviewed thoroughly. And then reviewed some more. It's best to get advice and guidance from experts in state and federal employment laws when drafting the contract to avoid phrases that are unclear and would lead to misunderstanding and possible legal problems. And also, to make sure that both the employer and the employee are protected.

A contract of employment is not at all the same as a letter of employment. A contract of employment is more detailed. Letters of employment should be kept only to the most essential facts; the details should be reserved for the contract.

The contract that details an employee's engagement with the company should state the salary in terms of payroll increments, not in yearly salary terms. Stating the salary in terms of years could be misconstrued and lead the employee to expect at least a year's employment. If there is no promise of employment to reach one full year at the minimum, the contract should not have anything that might imply otherwise.

The conditions of employment should be clearly stated in the employment contract. This includes probationary period, if any, continuation or extension of employment and evaluation. This type of contract also typically mentions that continued employment depends on job performance and also on the employee's compliance with company's policies.

Most contracts of employment also include details like employment status; the employee and employer's names and addresses; the official title; probationary period and dates covered by this period, if applicable; rate of pay; frequency of pay; names of immediate boss or bosses and hours and days of work.

Remember to always be concise and clear, and to choose words and phrases carefully. Incomplete phrases, sentences or ambiguous words and statements can lead to legal disputes.

Advantages

One of the advantages -- and the most obvious one -- of a well prepared contract of employment is that there would be no room for misunderstanding and legal disputes. Another is that a well prepared contract can help retain employees that are vital to the organization. The contract should state that there would be a specific number of days of notice before the employee can leave the company. This makes sure that the company can prepare, find a replacement and train the new employee.

If it's very important for the company to keep trade secrets that are critical for the organization, a contract of employment that includes a confidentiality clause and non compete clause are crucial. A confidentiality and non compete clause should state that the employee is not allowed to share company information to others, solicit work from the company's clients and work for a competing company. These kinds of clauses usually specify a number of years or a specific period that the clause or agreement would be in effect.

Another advantage of an expertly written, well prepared employment contract is that it helps make a clear description of the employee's job, including the responsibilities and what the company expects of him or her -- these typically include meeting job performance requirements and adhering to

company policies.

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Hannah Miles is a HR specialist, who provides legal advice in managing an a [employment contract](#) in Australia. We specialize in a [payroll processing](#) including time and attendance system, comprehensive payroll reporting and human resource payroll software.

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