



## **Employment, Employment Contracts**

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Reviewed by: LFNP Contributors

Time to Read: 8 minutes

This Fact Sheet describes the use of written employment contracts.

An employment contract is a legal document that should include the expectations of an employer. This information typically includes a description of the position and responsibilities, rate of pay, and hours of work. Best practice is to use written employment contracts for all positions.

Employment contracts must follow the applicable employment laws. The applicable employment laws depend on “jurisdiction”. For Yukon, it is usually the Employment Standards Act but for federal workplaces like banks, it is the *Canada Labour Code*.

Employment contracts should cover the following key components:

- Rate of Pay, Overtime, and Vacation entitlement
- Position responsibilities and reporting
- Start date
- Performance expectations
- Benefits
- Absences from work e.g. sick leave, vacation
- Confidentiality requirements (if needed)
- Termination and Notice (ending the employment relationship)

Written employment contracts serve valuable risk management purposes. Risk management means anticipating and planning for something unexpected that might happen in the future. One example is overtime hours. If hours of work and overtime are not addressed in an employment contract, non-profits may be faced with claims for overtime hours that fall outside of its budget for salaries and wages. These claims for overtime pay may present a serious financial risk.