Tens of millions of people across the United States have lost their jobs or been laid off due to the COVID-19 pandemic. This has been an unprecedented national health and economic crisis. Many people have questions about unemployment insurance, particularly whether or not they can collect unemployment if they have received a severance package after being laid off. This topic can be complicated to understand, and whether or not somebody qualifies for unemployment benefits depends on the specifics of their case.

Who qualifies for unemployment in NJ?

In general, in order for a person in New Jersey to have a valid unemployment claim, they must have had at least 20 base weeks of earnings in “covered employment” during a base-year period. Alternatively, an employer must have earned during a base year reach a specific dollar amount in remuneration.

This base week amount in these situations is 20 times the state hourly minimum wage. For the alternative earnings test, the worker must have earned 1,000 times the state hourly minimum wage.

Severance pay is not considered income

The state of New Jersey does not consider severance pay to be income when
calculating whether or not a person should be able to receive unemployment. The only way that severance pay could affect unemployment benefits is if the employment relationship is extended in any way by the severance package. In other words, if you remain on the active payroll of a company, you will not be able to collect unemployment.

However, a hallmark of most severance packages is that they are received after the employment relationship has ended. A few have received a severance package after being laid off due to COVID-19, you should still be able to apply for unemployment with no problems.

**Unemployment benefits during COVID-19**

New Jersey has seen more than one million new unemployment claims filed since the beginning of the COVID-19 pandemic.

“As we pass the milestone of 1 million claims filed — a number so staggering, we never thought we would come close to reaching it in such a compressed period of time — I’m incredibly proud of the tireless work of our staff to get nearly $2 billion into the bank accounts of so many New Jersey workers, to support their families,” said Labor Commissioner Robert Asaro-Angelo.

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the amount of people who are eligible for unemployment benefits was expanded. For example, independent contractors and “gig” workers, those who do not have enough earnings to qualify for regular unemployment, and those who could work but cannot due to COVID-19 can apply for unemployment. The CARES Act also provided an additional $600 per week on top of regular New Jersey unemployment benefits to everybody who qualified for unemployment insurance, but this additional $600 is only available for a limited period of time.

The CARES Act also extended the time limit that people can receive unemployment benefits by an additional 13 weeks. Anybody who is receiving unemployment will not have to apply to receive the 13-week extension. This will automatically be available after the current balance of unemployment benefits is exhausted.

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