



KROKIDAS & BLUESTEIN LLP

CLIENT ALERT

**SUPREME JUDICIAL COURT CONFIRMS OBLIGATION TO PAY ALL WAGES TO
TERMINATED EMPLOYEES ON DAY OF TERMINATION**

Rejecting a more flexible interpretation of the Wage Act adopted by some lower courts, the Supreme Judicial Court recently held in Reuter v. City of Methuen that failure to provide all categories of final wages on the date an employee is terminated entitles the employee to receive three times the wages, as well as reasonable attorneys' fees incurred in pursuing a claim. The upshot of this decision is that employers will need to plan carefully in terminating employees to avoid significant liability. While under some prior decisions, the employer's only risk was of being liable for interest on a delayed payment, this decision indicates that even a one day delay can result in a significant damages award.

In circumstances where immediate termination is required and there is no opportunity to arrange for the final paycheck, the decision recommends suspending the employee pending termination and final payment of wages. As a result, employers should carefully plan and prepare for all terminations of employees to ensure that they are able to pay all final wages on the date of termination. Special attention should be paid to the termination of remote workers, as it may be difficult for an employer to coordinate the logistics of termination and payment of all wages owed on the same day.

The April 4, 2022 decision in Reuter v. City of Methuen is also an important reminder that wages include all regular wages through the date of termination, accrued and unused vacation pay, and commissions when due and determined.

Note that this strict rule regarding final pay on the date of termination applies only to involuntary terminations. When an employee resigns, the deadline is much more flexible, with final wages being due on the next regular pay day.

If you have any questions about the Wage Act or the Reuter decision, please contact If you have any questions about the Wage Act or the Reuter decision, please contact Paul Holtzman, (pholtzman@kb-law.com), Jill Brenner Meixel (jmeixel@kb-law.com), Allison Lennon (alennon@kb-law.com), or Brian Richichi (brichichi@kb-law.com).