

Massachusetts Final Paycheck Requirements

- **If the employer is involuntarily terminated:** the final wage payment is generally due on the day of discharge. In Boston, the final paycheck is due as soon as the employer complies with the laws requiring certification of payrolls, bills and accounts.
- **If the employee quits:** The final wage payment is due on the next regular payday and, in the absence of a regular payday, on the following Saturday.

Unused Benefits on Termination

Vacation and holiday **payments** are considered to be wages under Massachusetts law. Upon termination of employment, an employer must provide **vacation** or **holiday** payments earned under an oral or written agreement. However, payment for **accrued, unused sick** time does not count as "wages" under Massachusetts law.

Payment in Full Upon Termination

On April 4, 2022, the Massachusetts Supreme Judicial Court (the court) found in [Reuter vs. City of Methuen](#) that the Massachusetts Wage Act (MWA) requires employers to promptly pay employee wages, and that employers that pay late are subject to a penalty of up to three times the amount of unpaid wages.

When Reuter was discharged from her employment, the city of Methuen owed her almost \$9,000 in unused vacation time. The MWA requires employers to pay employees “in full on the day of [their] discharge” and prescribes that “wages” include unused vacation time. The city paid these wages a few weeks later, but the parties disagreed upon the appropriate penalty for the delay. The city claimed the MWA allows for a penalty of treble (three times) the annual interest accrued on unpaid wages. Reuter argued state law required three times the amount of unpaid wages.

The court found that, under the MWA, treble damages were designed to protect workers from the consequences of unpaid wages. In addition, the court rejected the city’s practice to avoid liability by simply paying the wages and accrued interest on the unpaid wages at a later time.

This court decision holds employers liable if they do not promptly and fully pay employee wages upon termination, regardless of the reason for the delay. As shown in this case, the penalties for this strict liability can be significant—up to three times the amount of wages paid late. Employers in Massachusetts should take note of this decision and prepare contingencies before terminating an employee if the exact amount of employee wages is not exactly known when a discharge becomes necessary.

More Information

More information regarding [final paycheck requirements](#) and [payment of unused benefits](#) on termination is available from the Commonwealth of Massachusetts.

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