



Final Pay Policy



Purpose

This policy outlines the company's procedures for ensuring timely and accurate payment of final wages to employees upon the end of their employment, whether voluntary or involuntary, in accordance with California law.

Involuntary Termination Final Pay Requirements

- 1. Payment Timeline:** Final wages are due and payable immediately on the employee's last day of employment (date of termination). This includes any accrued, unused vacation benefits.
- 2. Commission Pay:** If the terminated employee earned commissions, such wages must be paid in accordance with the terms outlined in the Commission Agreement and must comply with California's labor law requirements.
- 3. Severance Pay:** If applicable, any severance pay owed to the employee should be clearly documented and provided as per the terms of the employee's severance agreement (if one exists). Severance pay is not required unless stated in the employment agreement.
- 4. Delivery Method:** The final paycheck can be delivered by hand on the employee's last day, or, if requested, mailed via Certified Mail with a receipt.

Voluntary Termination Final Pay Requirements

- **72 Hours Notice Provided:** If an employee provides at least 72 hours of advance written notice of resignation, the final paycheck must be provided on their last working day. This paycheck must include accrued, unused vacation benefits and any commission owed, paid in accordance with the Commission Agreement.
- **Less than 72 Hours Notice:** If the employee provides less than 72 hours' notice of resignation, the employer must provide the final paycheck within 72 hours of receiving notice of resignation. This includes any accrued vacation benefits.

- **Accrued Vacation:** All accrued, unused vacation time must be paid out in full at the time of final wage distribution, regardless of the reason for termination. California law considers accrued vacation to be earned wages.
- **Commission Pay:** Any commissions owed at the time of resignation or termination will be paid according to the Commission Agreement.
- **Delivery Method:** If the final paycheck cannot be provided in person, it must be mailed via Certified Mail with receipt requested to ensure proper documentation of receipt.

Compliance with California Law

- **Waiting Time Penalties:** If the company fails to provide final wages within the required time frame, California law imposes penalties. The penalty is equivalent to the employee's daily wage for each day the wages remain unpaid, up to a maximum of 30 days. These penalties apply to both voluntary and involuntary terminations.
- **Final Wage Statement:** Along with the final paycheck, the company will provide an accurate and complete final wage statement, including itemized deductions and any payments for accrued vacation.
- **Deductions:** No unauthorized deductions can be made from final pay. Any legally required deductions (such as taxes or garnishments) will be itemized on the final paycheck.

Special Considerations

- **Disputed Commissions or Bonuses:** In cases where commissions or bonuses are disputed or calculation is still in process, the undisputed portion of the final wages must be paid on time. The employee must be informed in writing of the expected timeline for the remaining payments.
- **Returning Company Property:** Employees are required to return all company property (keys, laptops, ID cards, etc.) by the last working day. However, the company may not withhold final pay pending the return of company property. Failure to return property may result in deductions from severance pay, but not final wages.

Record Keeping

- **Documentation:** The HR department will retain records of final pay calculations and delivery (including certified mail receipts, wage statements, and payment confirmations) for a minimum of four years to ensure compliance with state and federal requirements.