Appellate Division Confirms Accrued PTO is Not Wages



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A New Jersey Appellate Court recently issued an unpublished opinion finding that an employee's accrued paid time off (PTO) did not constitute wages under the New Jersey Wage Payment Law (WPL). When an employee resigns or has been discharged, the WPL requires the employer to pay any wages due to that employee upon termination. Under the WPL, wages are defined as "any moneys due an employee from the employer." The case in question involved an employee who sought payment for accrued PTO hours, arguing that such an amount constituted "wages" owed to her upon her termination under the WPL. The court opined that the accrued PTO did not constitute wages because, on the date of her termination, the employee had not yet taken time off so she was not yet entitled to monetary compensation for that time. Rather, the PTO permitted the employee to take time off in the future, and only then would she be entitled to receive wages for that PTO.

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