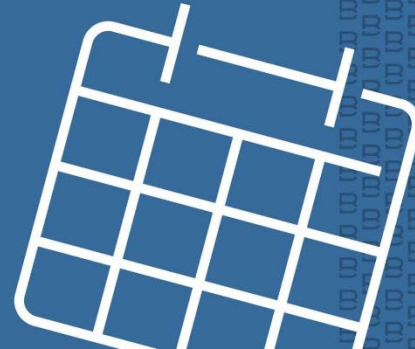


The Work Week

News from the
Bassford Remele
Labor & Employment
Practice Group



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Last Day, Last Check: Final Pay and PTO Payout in Minnesota

[Michael J. Pfau](#)

An employee's last day should be the easy part of the employment relationship. In Minnesota, it can be one of the costliest, because the deadlines for final pay are short, the rules differ depending on who ended the relationship, and a handbook that says one thing while the statute says another is no defense.

The Clock Depends on How the Employment Relationship Ended

Under Minnesota law, the timing of final pay turns on whether the employee quit or was discharged.

- **Discharged employees:** Wages are generally due immediately upon termination under Minn. Stat. § 181.13.
- **Employees who resign:** Wages are generally due on the next regularly scheduled payday. If that payday falls fewer than five calendar days after the resignation, the employer may have until the following payday under Minn. Stat. § 181.14. If the employee is subject to a collective bargaining agreement with a provision that provides otherwise, that provision applies.

Employers who run payroll on a fixed weekly or biweekly cycle often discover that “the next payroll” is not an available answer for a termination. A same-day check, or a documented process for producing one, needs to be ready before the termination meeting, not after it.

PTO: The Policy Controls, So the Policy Must Be Clear

Minnesota does not have a general statute requiring employers to pay out accrued vacation or PTO at separation. Whether an employee is owed a payout depends largely on what the employer's written policy or agreement says, and courts enforce those terms as written. Employers that promise payout, or whose policy is silent or ambiguous, should expect to pay it.

Employers that intend for employees to forfeit unused time must say so clearly and apply the policy consistently.

Earned sick and safe time works differently. Unused earned sick and safe time is generally not required to be paid out at separation, but an employee rehired within 180 days must be reinstated. Keep ESST separate from general PTO in your policies and payroll system, since combining them in one "bank" can unintentionally convert protected time into payable time.

Where Employers Face Exposure to Liability

- **Withholding the check as leverage.** Holding final pay until the employee returns a laptop, badge, or signed separation agreement can turn a minor dispute into a wage claim.
- **Unauthorized deductions.** Minnesota restricts what may be taken out of final pay, and an employee's signed authorization does not always cure the problem.
- **Forgotten earned compensation.** Commissions, bonuses tied to completed work, and final expense reimbursements are common oversights.
- **Penalty exposure.** If an employer fails to pay within the required time after a written demand, the employee may recover continuing wages for a period of days, in addition to potential attorneys' fees and other remedies under Minnesota's wage theft laws. A small unpaid balance can generate a disproportionate expense to the employer.

Practical Solutions

1. Build a separation checklist that identifies the payment deadline for each type of departure before the conversation happens.
2. Review the PTO policy for clear payout or forfeiture language, and confirm it is applied the same way to every employee.
3. Keep final pay separate from the return of company property and from any release of claims.
4. Have payroll audit final checks for commissions, bonuses, and reimbursements owed.
5. Revisit your handbook and offer-letter language each year, particularly after changes to Minnesota leave laws.

The Bassford Remele Labor and Employment Law Group is here to support employers in navigating the complexities of employee departures. Bassford's experienced team helps employers handle transitions smoothly and minimize legal risks. Please reach out with any questions.

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