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A Checklist: What Should an Employer do if a Former Employee Fails to Pick Up a Paycheck?

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While it may seem highly unlikely that a former employee would fail to pick up his or her paycheck, it does happen. Employers should be mindful to comply with New Jersey's law regarding unclaimed property.

Although issuing a stop payment on the employee's paycheck may seem like a natural next step to take, employers should be careful to make every effort to contact the former employee in order to deliver it. If those efforts are unsuccessful, New Jersey employers should take the following three steps before reporting and sending such funds to the State as abandoned property.

Reporting Paycheck Funds as Abandoned Property in New Jersey: A Checklist

1. First, the wages must be unclaimed for one year without any communication to the employer by the former employee.
2. Secondly, in order for the wages to be reported as unclaimed to the State, an employer should confirm that the employee's last known address is located in New Jersey. If not, the employer should seek guidance on the laws of the state of the employee's last known address. If the address is within the State of New Jersey, proceed to Step 3 below.
3. If the pay amount is \$50 or more, an employer must provide notice to the former employee that it is in possession of the unclaimed wages and that it will turn them over to the State of New Jersey. Such notice should be sent via Certified Letter with return receipt requested.

Only after these steps have been completed, an employer should report the unclaimed funds to the State using the forms available on the New Jersey State Treasury Department's website at:

<https://www.unclaimedproperty.nj.gov/pdf/UPAHolderPacket.pdf>

If you are an employer with questions about compliance with employment law in New Jersey, contact any member of the Wilentz Employment Law Team at 732-352-9858.

Attorney

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