Interpretive Notice & Formal Opinion ("INFO") #3:
Summary: "Wages" and "Compensation" under Colorado Wage Law

Overview: This INFO series explains how employers must pay employees all "wages or compensation" they earn, and keep certain records related to their wages and hours. This INFO #3 summarizes INFOs:

- #3A: Timing of Wage Payments, & Required Record-Keeping
- #3B: Permissible and Impermissible Methods of Payment
- #3C: Tips (Gratuities) and Tipped Employees Under Colorado Wage Law
- #3D: Commissions and Bonuses
- #3E: Payment of Earned Vacation upon Separation of Employment

Payment Timing and Record-Keeping Obligations (more detail in INFO #3A): an employer must:

- Timely pay wages owed to employees.
- Pay all wages owed upon an employee's separation.
- Provide pay statements to employees (and to the Division, upon request) and keep at least three years of wage records.

Definition of Protected "Wages" or "Compensation" (more detail in INFO #3B): Any earned, vested, and determinable amount owed to an employee for labor or service,¹ which includes:

- Hourly rates (for example, $20.00 per hour)
- Salaries (for example, $1,500.00 per week)
- Per-task or per-piece payments (for example, $20.00 for each oil change completed)
- Bonuses or commissions earned under employer/employee agreements² (more detail in INFO #3D)
- Vacation pay remaining when the employment relationship ends³ (more detail in INFO #3E)
- Paid sick leave under the Healthy Families and Workplaces Act⁴ (more detail in the INFO #6 series)

But not —

- Severance pay,⁵ or
- A "profit-sharing plan, a pension plan, or other similar deferred compensation programs."⁶

Payment Methods (more detail in INFO #3B):

- An employer may pay wages with checks, cash, direct deposit, money orders, or similarly secure means — as long as employees have free and on-demand access to their entire net pay.

Credits toward Wages Due (more detail in INFO #3C (tips), and INFOs #1 (credits) & 16 (deductions)):

- The value of certain non-money benefits (lodging and meals) can count (or be "credited") towards minimum wages owed, with limits and conditions.
- Employers may credit tips paid by customers toward minimum wages owed — with conditions and limits, mainly to assure tips aren't taken from tipped employees, and don't undercut minimum wages.

For More Information: Visit the Division website, call 303-318-8441, or email cdle_labor_standards@state.co.us.

¹ C.R.S. § 8-4-101(14)(a)(I).
² C.R.S. § 8-4-101(14)(a)(II).
³ C.R.S. § 8-4-101(14)(a)(III).
⁴ C.R.S. § 8-4-101(14)(a)(IV) and §§ 8-13.3-401 to -418 (Healthy Families and Workplaces Act ("HFWA")).
⁵ C.R.S. § 8-4-101(14)(b).
⁶ C.R.S. § 8-4-103(3).