



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](http://www.ColoradoLaborLaw.gov), 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).