

Employment Standards

Rights and responsibilities at work

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Payment of Earnings

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Part 2, Divisions 1 and 2 of the *Employment Standards Code (Code)* set out the rules for the payment of earnings to employees, as well as employment records that employers must provide to their employees. Earnings include wages, overtime pay, vacation pay, general holiday pay and termination pay.

Pay period

The maximum pay period that can be used by an employer to calculate earnings is one month. An employer can establish shorter pay periods such as daily, weekly, bi-weekly or semi-monthly.

An employee must be paid all wages, overtime, and general holiday pay earned in a pay period within 10 consecutive days after the end of the pay period.

Paying earnings upon termination of employment

There are different time frames when earnings must be paid to employees depending on the circumstances that result in termination of employment. Employees must be paid as follows:

Within 3 consecutive days after the last day of employment, if:

- an employee provides the required amount of written notice of termination and the employee works to the end of their notice period,
- an employer provides the required amount of written notice and the employee works to the end of their notice period,
- an employer provides a combination of the required amount of written notice and pay in lieu of notice and the employee works to the end of the notice period, or
- an employer chooses to pay termination pay in lieu of the required amount of written notice.

Within 10 consecutive days after the last day of employment, if:

- an employer or employee is not required by the *Code* to give notice of termination.

More than 10 consecutive days after the last day of employment, if:

- an employee fails to give the required amount of written notice of termination. The employer must pay the employee's earnings not later than 10 consecutive days after the date on which the notice would have expired if it had been given.

Note: For information about how much written notice employers and employees must provide to terminate employment, please see the "Termination of Employment and Temporary Layoff" Fact Sheet at <http://employment.alberta.ca/esfactsheets>.

Pay statement

At the end of each pay period an employer must provide a written statement to each employee that includes the following information:

- pay period covered by statement,
- number of regular and overtime hours (banked hours),
- number of hours taken off in lieu of overtime,
- wage rate and overtime rate,
- earnings paid showing each component separately (e.g. wages, overtime, general holiday pay and vacation pay), and
- amount of each deduction from earnings and the reason for the deduction.

Note: Employers may provide pay statements electronically to employees provided that employees have reasonable access to view and print the electronic version. In addition, privacy legislation may require an employer to maintain the confidentiality of the employee's payroll information.

See the "Deductions from Earnings" Fact Sheet at <http://employment.alberta.ca/esfactsheets> for more information on deductions employers are allowed to make from an employee's pay.

Reducing an employee's earnings

If an employer intends to reduce an employee's wage rate, overtime rate, general holiday pay, vacation pay or termination pay, the employee must be notified before the start of the pay period in which the reduction is to take effect. However, these rates must always be at least the minimum required by the legislated standards.

How earnings are to be paid

Employment Standards encourages employers to pay employees at the work place but there is no specific requirement in the *Code* that this be done.

An employee is to be paid in Canadian currency by cash, cheque or similar document, drawn on an insured financial institution such as a chartered bank or credit union. An employer may choose to pay an employee by direct deposit to a financial institution of the employee's choice.

Employers must pay employees within the time frames set out in the *Code*. Employment Standards does not consider an employee to have been paid until the employee has actually received the funds.

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