Employment Law Alert: Retention Bonuses Are Not Wages Under the MA Wage Act

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On October 22, 2025, the Massachusetts Supreme Judicial Court held that retention bonuses do not constitute "wages" for the purposes of the Wage Act in *Nunez v. Syncsort Incorporated* (SJC-13709, Oct. 22, 2025).

In a unanimous decision, the Court emphasized that the purpose of retention agreements and bonuses is to "secure the services of the employee during a period of corporate uncertainty, when the employee might be otherwise tempted to leave," by compensating the employee. The Court analogized retention bonuses to discretionary stock programs and sick time policies, explaining that retention bonuses are considered additional compensation contingent on the employee's continued employment to a certain date, and are not made in exchange for an employee's labor or services. As such, these payments do not constitute "wages" per the Wage Act.

The Wage Act requires earned wages, including salary, accrued but unused vacation, and commissions, to be paid within strict timeframes during an employee's service and upon the employee's termination. Wage Act violations result in mandatory triple damages, as well as court costs and attorneys' fees.

Employers should take note of this decision because it *excludes* retention bonuses from the harsh consequences associated with the Wage Act.

The Employment Group at Morse is well versed in Wage & Hour issues. Please contact Veronica Mantilla, Matt Mitchell, or Rebecca Alperin with any concerns related to employment.