

North Carolina Modifies Requirements Governing Pay Notice and Final Wages for Separated Employees

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On July 8, 2021, North Carolina Governor Roy Cooper signed Senate Bill (SB) 208, [An Act Making Various Changes to the Labor Laws of North Carolina](#), which includes changes to the pay notice provisions for employees and payment of final wages to separated employees. The amendments to the North Carolina Wage and Hour Act (NCWHA) (N.C. Gen. Stat. § 95-25.1 et seq.) include changes to the employer-provided notice to employees concerning compensation at both the outset of employment and prior to any reduction in pay. SB 208 takes effect immediately.

Notice Provisions

With regard to the requisite notice at the outset of employment, SB 208 provides that North Carolina employers must now provide *written* notice to employees at the time of hire stating:

- the promised wages; and
- the day and location for payment of wages if delivering payment in person or the method of payment if using a different form (e.g., direct deposit or mail).

Prior to the recent amendment, employers could satisfy the initial pay notice requirements to employees by verbal communication. Following the amendment, employers may want to maintain documentation of the written notice to employees of their pay.

SB 208 also requires employers to provide employees with written notice “at least one pay period prior to any changes in promised wages.” North Carolina employers previously could notify employees of any changes to their pay with 24 hours’ written notice.

Payment to Separated Employees

Further, SB 208 addresses payment to employees upon separation from employment. The new law requires an employer to pay final wages through the regular payroll method used by the employer, unless the employee makes a written request for a live check to be sent by trackable mail.

Penalties

Finally, SB 208 changes the civil penalties that employers may face for violations of the NCWHA's recordkeeping requirements. The amended NCWHA states employers "shall be subject to a civil penalty of up to two hundred fifty dollars (\$250.00) per employee with the maximum not to exceed two thousand dollars (\$2,000) per *violation*." (Emphasis added.) Prior to the amendment, the NCWHA authorized a maximum civil penalty of \$2,000 per investigation.

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