



# CALIFORNIA

## California Supreme Court Rules Employers Must Properly Pay Meal and Rest Period Premiums

On May 23, 2022, in [Naranjo v. Spectrum Security Services Inc. \(Naranjo\)](#), the California Supreme Court unanimously held that meal and rest period premium pay is subject to the same wage statement and final pay requirements as other wages earned by employees.

### Background

Under state law, an employer must compensate an employee with one additional hour of pay for each workday the employee misses a meal or rest break. This premium must be paid at the employee's regular wage rate.

The dispute in *Naranjo* arose when Gustavo Naranjo was terminated from his position as a guard at Spectrum Security Services Inc. (Spectrum) after he abandoned his post to take a meal break. Spectrum required employees to remain on duty during meal periods. Naranjo sued, claiming Spectrum violated state wage and hour laws by failing to:

- Compensate employees with premium pay for missed meal and rest periods;
- Accurately report these premium payments in wage statements; and
- Pay these premiums in a timely manner upon termination.

### Impact on Employers

The *Naranjo* decision clarifies that employers must ensure that meal and rest period premium pay is accurately and timely included in wage statements and employee final paychecks.

In practice, this also means that employers in California need to ensure that their payroll, time tracking and wage payment processes accurately identify and account for missed meal and rest periods.

### Final Paycheck Highlights

- ☑ Employers must pay all wages, accrued vacation earned and other premium pay immediately upon termination.
- ☑ Employers cannot withhold final paychecks to induce employees to return tools or equipment, pay back money owed or turn in forms or reports.
- ☑ Final paychecks or deposits must be delivered at the time of termination. Employers should be conscious of possible delays caused by delivery or deposit.

***California employers need to accurately identify and account for missed meal and rest periods.***

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