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Massachusetts Trial Court Holds Quarterly Bonuses May Be 'Wages' Under Wage Act

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On January 22, 2026, in *Pres v. Sensys Gatso USA, Inc.*, a Massachusetts trial court ruled that the Massachusetts Wage Act (the Wage Act) encompasses quarterly bonuses not conditioned on defined contingencies. This decision highlights the importance of Massachusetts employers identifying and addressing explicit conditions or contingencies in employee bonus agreements. The draconian ramifications of failing to abide by the Wage Act include unpaid wages, mandatory treble damages, and attorneys' fees.

The Wage Act

The Wage Act does not explicitly define the term "wages." It provides that wages *include* "any holiday or vacation payments due an employee under an oral or written agreement," and "commissions when the amount of such commissions, less allowable or authorized deductions, has been definitely determined and has become due and payable."

Massachusetts appellate courts have uniformly concluded that conditional or contingent compensation falls outside the scope of the Wage Act. Indeed, last October, the Massachusetts Supreme Judicial Court held that retention bonuses, which are conditioned on an employee's employment through an established target date, are not Wage Act "wages."

Background

In *Pres*, the defendant employer, Sensys, hired the plaintiff as a senior accountant. The employee's offer letter provided for a $92,000 annual salary and four quarterly bonus payments "against measured objectives." The offer letter did not define "measured objectives," and the employer never paid the employee quarterly bonuses.

During the plaintiff's employment, Sensys offered the employee a written retention bonus, which it paid the plaintiff after he remained employed through the required retention date. When the plaintiff inquired later about the unpaid quarterly bonus payments, Sensys asserted that the retention bonus agreement had modified the terms of the offer letter.

The plaintiff sued, asserting a claim under the Wage Act for the failure to pay the quarterly bonuses. After a two-day trial, a jury determined that: (1) the parties did not mutually agree to modify the offer letter to eliminate the quarterly bonuses; and (2) the quarterly bonuses were not contingent on the plaintiff performing duties beyond the

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regular duties of a senior accountant. The question remaining for the court to determine was whether the quarterly bonuses qualified as “wages” under the Wage Act.

The District Court’s Decision

The court concluded that the quarterly bonuses were “wages” under the Wage Act because they were not contingent on anything other than the plaintiff’s normal duties.

In reaching that conclusion, the court noted that as the employer and drafter of the offer letter, it was up to Sensys to define the “measured objectives” that the employee needed to satisfy to earn the quarterly bonuses, which it had failed to do. Without a defined contingency, it opined that the quarterly bonuses were “akin to ordinary payment from an employer to an employee in exchange for labor or services,” and, therefore, they were “wages encompassed by the Wage Act.”

The court awarded the plaintiff treble damages and set a briefing schedule to determine attorneys’ fees and costs.

Takeaways

The *Pres* decision should serve as a reminder to Massachusetts employers to review their bonus agreements to ensure that those arrangements condition payment on explicit contingencies. Employers should use contingencies, such as continued employment and good standing, and avoid conditions such as sales output that could be viewed as connoting compensation for work normally performed and, therefore, a wage under the Wage Act. Massachusetts employers also should consider language explaining that bonuses are in addition to base salaries and not earned *pro rata* for services performed.

Multistate employers should review their agreements as well, as many states have similar wage payment laws that provide for attorneys’ fees and liquidated damages, including Pennsylvania, New Jersey, New York, and California.

If you have questions about the Massachusetts Wage Act or other wage payment laws, please reach out to your Troutman Pepper Locke employment counsel.

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