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NEW JERSEY ENACTS PAY TRANSPARENCY LAW EFFECTIVE JUNE 1, 2025

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Starting June 1, 2025, New Jersey employers with 10 or more employees must include salary ranges and general benefit information in all job postings — including postings for internal promotions. This new requirement applies to any position that will be physically performed in New Jersey or that could be performed remotely by a New Jersey-based employee.

Key Obligations for Employers:

- Salary Range: Job postings must specify the minimum and maximum annual salary or hourly wage for the position.
- Benefits Disclosure: A "general description" of benefits must be included. This covers health insurance, retirement plans, paid time off, and any other form of compensation such as bonuses or commissions.

Scope:

- Applies to all public and private employers with 10 or more employees.
- Covers postings for new hires, promotions, and transfers.

Penalties for Noncompliance:

- The law authorizes the New Jersey Department of Labor and Workforce Development to investigate violations.
- Employers may face penalties, including monetary fines, for failing to disclose required information.

This law is part of a growing national trend (following similar laws in New York City and other states) aimed at closing gender and racial wage gaps. For employers, however, it presents real operational challenges:

- Salary Band Structures Need Tightening: Many employers, especially smaller ones, do not have formal salary bands. Now, posting salary ranges requires that employers establish clear,

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defensible pay structures — or risk inconsistent disclosures that could trigger discrimination claims or audits.

- Internal Discrepancies May Surface: Employees will now have greater visibility into pay practices, increasing the risk of internal complaints, morale issues, and potential legal claims if similarly situated employees discover significant pay differences.

- Promotion Processes Must Be Formalized: Employers accustomed to informal promotions without formal postings will need to rethink that approach. Internal promotions without posted salary ranges will likely violate the law.

- Benefit Summaries Must Be Standardized: "General descriptions" of benefits must be carefully drafted. Employers should standardize this information to avoid inconsistent postings and to reduce administrative burden.

- Recruitment Strategy Needs Adjusting: Flexibility around compensation negotiations will shrink. Candidates will enter discussions already armed with salary expectations, changing the dynamic between employers and applicants.

What Employers Should Do Now:

- Conduct a pay audit to establish salary ranges tied to legitimate business factors.

- Create standardized templates for job postings that include salary and benefits language.

- Review and update internal promotion and transfer procedures to ensure postings meet the new requirements.

- Train hiring managers and HR personnel on compliance obligations and messaging to employees and applicants.

Compliance with New Jersey's new pay transparency law will require more than simply adding numbers to job ads. Employers should treat this as an opportunity to review, clean up, and formalize their compensation practices — before June 1, 2025.

SPSK's employment lawyers are available to help you prepare tailored strategies for compliance, including conducting privileged pay audits and developing legally sound salary band structures.

Should you have any questions or seek guidance, please reach out to Cynthia L. Flanagan, Esq. at clf@spsk.com.

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