

FLSA Overtime Rules: Effective December 1, 2016

The U.S. Department of Labor (DOL) announced final regulations that will raise the minimum salary requirement for the administrative, professional, executive and highly compensated employee exemptions under the Fair Labor Standards Act (FLSA) beginning December 1, 2016.

What Are Exempt and Non-Exempt Employees?

Employee

A worker who is economically dependent on the business they work for, according to the DOL. (As opposed to a contract worker, whose income is not dependent on a single employer.)

Non-Exempt

An employee who is entitled to at least minimum wage for each hour worked and overtime when working more than 40 hours in a workweek.

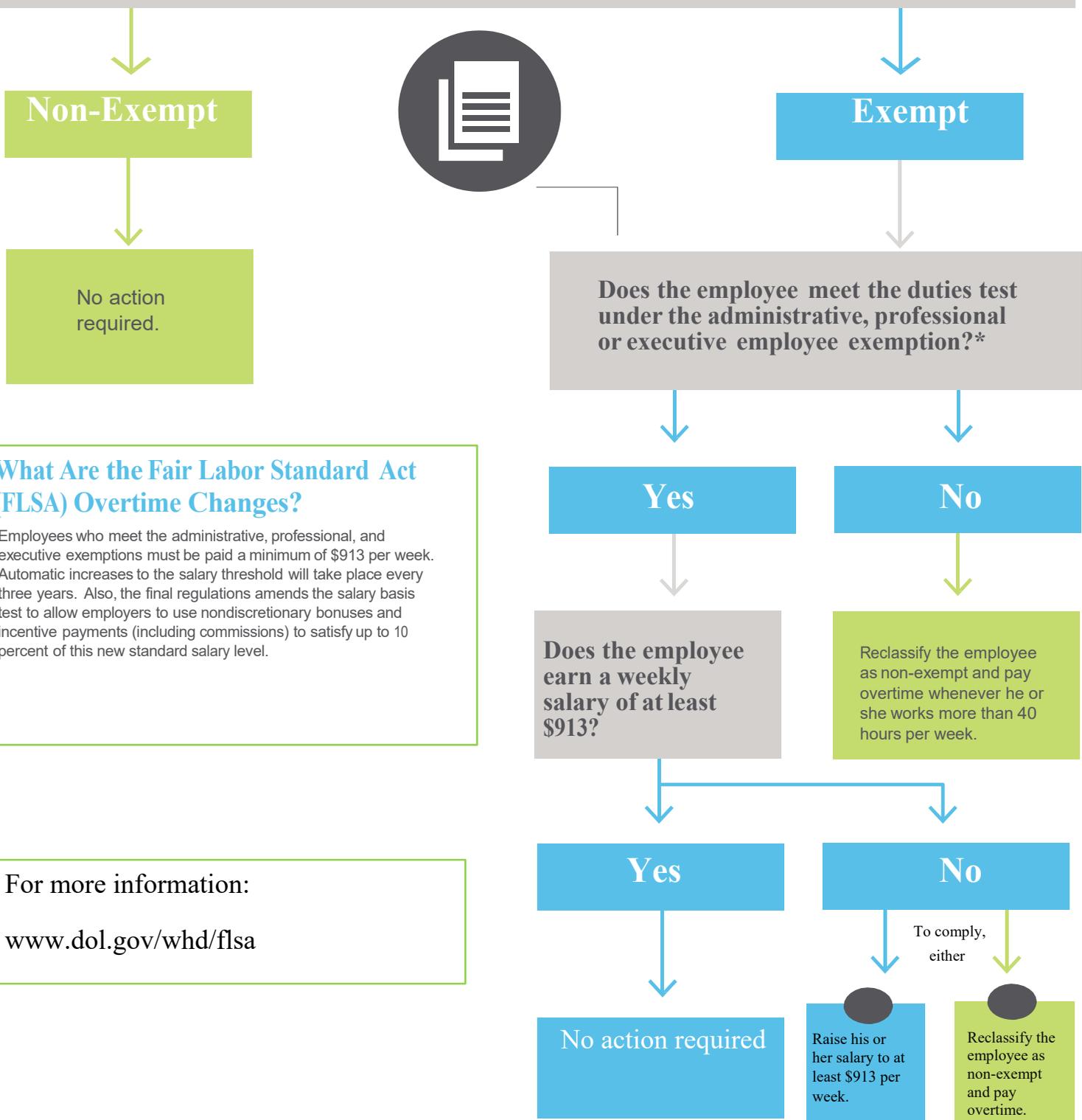
Exempt

A salaried employee who isn't entitled to overtime and must satisfy certain salary level, salary basis and duties tests.

How do you make sure your organization is compliant?

Follow the flow chart to find out.

Is the employee currently classified as non-exempt or exempt from overtime under the FLSA?



What Are the Fair Labor Standard Act (FLSA) Overtime Changes?

Employees who meet the administrative, professional, and executive exemptions must be paid a minimum of \$913 per week. Automatic increases to the salary threshold will take place every three years. Also, the final regulations amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of this new standard salary level.

For more information:

www.dol.gov/whd/flsa

Executive Exemption:

An employee's primary duty must be managing an enterprise or subdivision thereof. The employee must customarily and regularly direct the work of at least two or more other full-time employees; and have the authority to hire or fire other employees.

Administrative Exemption:

An employee's primary duty must be office or non-manual work related to the business. The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

Professional Exemption:

An employee's primary duty must be the performance of work requiring advanced knowledge in science or learning, or invention, imagination, originality or talent.