

2016 FLSA NEW OVERTIME EXEMPTION RULES



Part I: Salary Test

How much does your employee currently make?

Did you know?

An employee's total salary for exemption consideration can include incentives, bonuses and commissions paid at least quarterly and not comprising more than 10% of total pay.

\$134,004 OR MORE

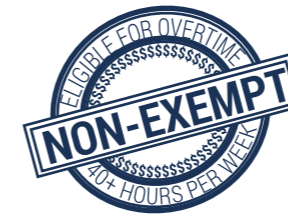


\$47,476 TO \$134,003.99

Proceed to Part II:
Duties Test



LESS THAN \$47,476



Part II: Duties Test

Does your employee qualify for any of these exemption classifications? *(Click here for full descriptions)*

A. EXECUTIVE

1. Manages overall operations or a customary department or subdivision vs. supervising and/or carrying out day-to-day operations
2. Directs the work of at least 2 full-time employees or FTEs.
3. Provides genuine input to hiring, firing, promotion and assignments

(Note: Typically excludes working foremen, team leaders & production supervisors)

B. ADMINISTRATIVE

1. Performs office/non-manual work involving implementing and/or administering management policies vs. supervising or carrying out day-to-day operations.

2. The employee's primary duty includes the exercise of discretion and independent judgement with respect to matters of significance.

(Note: Independent decisions are not decisions made in accordance with a set of standard company guidelines.)

C. OUTSIDE SALES

1. Making sales (as defined in the FLSA), or obtaining orders or contracts for services or for the use of facilities for which a consideration will be paid by the client or customer; and

2. Customarily and regularly engaged away from the employer's place or places of business.

D. PROFESSIONAL

LEARNED:

1. Performs work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment;

2. The advanced knowledge must be in a field of science or learning; and

3. The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.

CREATIVE:

1. Performs work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.

E. COMPUTER

1. Employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below:

- a) The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;
- b) The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;
- c) The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
- d) A combination of the aforementioned duties, the performance of which requires the same level of skills.

YES



NO



Part III: My employee will be classified as non-exempt. Now what?

Start by...

1. If you are not doing so already, begin tracking the would-be overtime hours this employee works to determine how much you might be required to pay once the new overtime rules go into effect.

2. If the employee works a significant amount of overtime, consider possibly hiring a part-time employee to cover the additional work without having to pay overtime. (Note: if you have multiple employees for which you might implement this strategy, be sure to consider your current ACA status and whether or not hiring multiple employees might put you over an ACA threshold with FTE employees.)

3. Review the employee's current job description and make any necessary updates to try to limit overtime requirements as well as make adjustments for pay and/or exempt classification.

4. Conduct an Employee Handbook audit to identify any policies that might require changes to prevent unplanned overtime (e.g. electronic device use/email use policy).

5. Plan a mandatory meeting with all management staff to ensure they understand the new rules as well as any updates you make to company-wide policies.

And don't forget to...

6. Update any job descriptions for open/advertised positions.

7. Review your talent acquisition and succession planning strategies.

8. Set reminders for yourself to conduct this analysis again in 3 years prior to January 1, 2020, as the salary thresholds will be adjusted again at that time.

Want to automate your Overtime Analysis?

Run a salary analysis, track potential overtime hours, update job descriptions and policies, plus manage and analyze your ACA compliance standing through one intuitive platform. Use Workforce Scheduler to shifts more efficiently, ensure compliance with regulatory staffing requirements and avoid unnessecary overtime. Contact Checkmate today to learn more...