

FLSA Overtime Regulations

How will your organization address them?

Organizations have some major decisions to make about labor costs and employees.

The 101% increase in the exempt salary threshold level may strain your resources and force you to make some tough choices. This chart can help you find an answer.

First, create a worksheet of all employees who are currently exempt and fall below the new \$47,476 threshold. These are the impacted employees that require analysis.



Your worksheet should include the following:

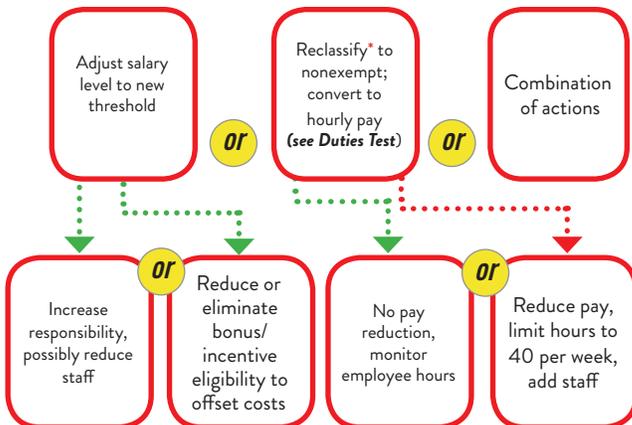
- Job title _____
- Grade (if applicable) _____
- Salary _____
- Hourly rate (salary divided by 2,080 hours) _____
- Actual or estimate of typical hours worked during a workweek _____
- Current bonus or incentive amount the employee is expected to receive under his/her present classification (if any) _____
- The bonus or incentive amount the employee will receive after the change, if any, either due to re-classification or due to a salary change. This may be initially undecided. _____
- The amount below the threshold (\$47,476 minus salary) _____
- Number of hours the employee typically works over 40 in a workweek. (If the employee works less than 40 hours, enter 0) _____



Now you have decisions to make. When considering reclassifying a job, be sure it passes the "Duties Test" at www.dol.gov/whd/overtime/final2016/Small Business Guide. Consult with an employment attorney with questions on reclassifications, and consider nonfinancial impacts.



Adjust salaries or reclassify jobs



* Implement policies and train employees newly reclassified to nonexempt to avoid working time claims.



Impact Considerations

If you reclassify positions

- How will you communicate changes?
- How will employees respond to punching a clock?
- How does reclassification impact employee benefits? Including:
 - ▶ healthcare
 - ▶ retirement plan
 - ▶ manager meals
 - ▶ vacation/sick time
 - ▶ other perks

➔ **December 1, 2016 is the compliance deadline**, so make your decisions and consult your employment attorney soon