Overtime Eligibility: FLSA Classification: What is meant by the terms "exempt", "non-exempt", "salaried" and "hourly"?

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Exempt: An individual who is exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) because he or she is classified as an executive, professional, administrative or outside sales employee, and meets the specific criteria for the exemption. Certain computer professionals may also be exempt. With some limited exceptions, exempt employees must be paid on a salary basis.

Nonexempt: An individual who is not exempt from the overtime provisions of the FLSA and is therefore entitled to overtime pay for all hours worked beyond 40 in a workweek (as well as any state overtime provisions). Nonexempt employees may be paid on a salary, hourly or other basis.

Salaried: An individual who receives the same salary from week to week regardless of how many hours he or she works. Exempt employees must be paid on a salary basis, as discussed above. Nonexempt employees may be paid on a salary basis for a fixed number of hours or under the fluctuating workweek method. Salaried nonexempt employees must still receive overtime in accordance with federal and state laws.

Hourly: An individual who receives an hourly wage for work performed. Generally, such individuals, because of the method of payment, are classified as nonexempt and are subject to the overtime provisions of the FLSA. Exempt computer professionals may also be paid on an hourly basis, as could those exempt under the professional exemption, such as teachers, lawyers, doctors, and still retain their exempt status.

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