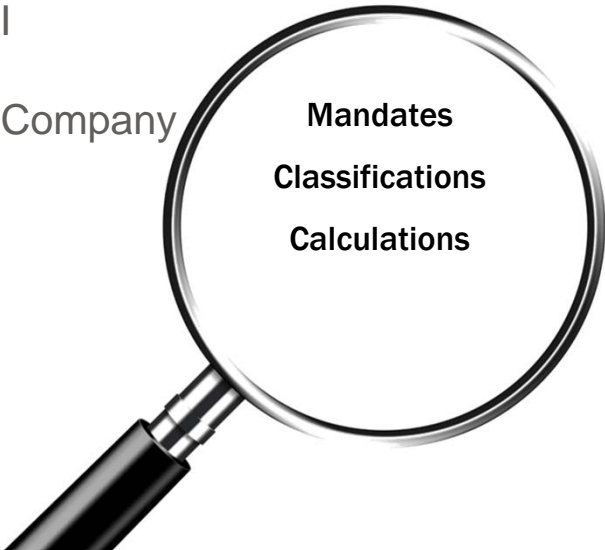


## New Overtime Rules

John Brondello III  
President  
Time Equipment Company



Mandates  
Classifications  
Calculations



## Caveats

- Information based on...
  - Our understanding of laws and evolving legislative efforts
  - Case law, which is evolving
- Not legal advice





## White Collar Overtime Exemption

## When was this last addressed

- Recent law is “on hold”
- If enacted, will update every 3 years
- Next update on 1/1/2020



## White Collar Exemption

- Paid on a salary basis without reduction for quality or quantity of work
- Salary meets a minimum level
- Primary job duty is exempt executive, administrative, or professional





## New Salary Threshold

Earn Overtime

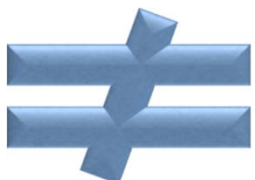
Salary threshold



- \$913 per week
- \$47,476 per year

Exempt If Meet Duties Test



## No Change to Job Duties

Job Duties  Job Title



## Executive

- Managing the enterprise, department or subdivision
- Managing 2 FTE employees
- Authority to hire/fire or opinions are given “particular weight”



## Administrative

- Management of the enterprise with non-manual work being the primary role
- Exercising discretion and independent judgment on matters of significance



## Professional

- **Advanced knowledge in a field of science or learning which includes the consistent exercise of discretion and judgement**
- **Invention, imagination, originality or talent in a recognized field of artistic or creative endeavor**



## Professional cont.

- **Must be related to law, medicine, theology, accounting, actuarial, engineering, architecture, teaching, sciences, pharmacy, and non-mechanical arts or skilled trades**
- **Must require specialized intellectual instruction as a prerequisite for entry**



## Outside Sales

- Must be primarily engaged in selling
- Must be customarily engaged away from the employer's place



## Computer Employee

- Must be employed as a skilled worker in the computer field
- Must work on analysis, consulting, and determining of specifications
- Must design, develop, document, create, test, or modify systems based on specifications



## Computer Employee cont.

- Develop, design, document, create or modify operating systems
- A combination of listed duties



## Highly Compensated Threshold

**\$100,000**





## Overtime Calculations

- **What is Overtime (Actually)??**
  - Bonus on hours over 40
  - Based on “Base Rate”
  - Employee receives 0.5X differential on hours over 40 at effective base rate



## What is a “Base Rate”

- **Effective hourly rate based**
  - Based on all “regular” compensation
    - Hours Worked
    - Commissions
    - Bonuses
    - Differentials



## What is a “Base Rate” – cont.

- **Compensation NOT included**
  - Expense reimbursement
  - Premiums for overtime work
  - Discretionary bonuses
  - Gifts/Special Occasions
  - Non-worked hours



## How About Commissioned Employees

- **Calculate the Base Rate**
  - Hours worked x hourly rate
  - Add in commissions
  - Divide by hours worked



## Examples

- Joe works 50 hours in one week
- Base rate of pay is \$15 per hour
- Pay is 50 hours at \$15 plus 10 hours at \$7.50
- Total Compensation:  $\$750 + \$75 = \$825$



## Examples

- Jill works 50 hours in one week
- 25 hours at \$15/hour & 25 hours at \$25/hour
- Base rate is \$20/hour
- Pay is 25 hours at \$15 plus 25 hours at \$25 plus 10 hours at \$10
- Total Compensation:  $\$375 + \$625 + \$100 = \$1100$



## Examples

- Mike works 50 hours in one week and receives a productivity bonus of \$500
- Base rate is \$20/hour
- Effective rate is \$30
- Pay is 50 hours at \$20 plus 10 hours at \$15
- Total Compensation:  $\$1000 + \$150 = \$1150$



## Examples

- Judy works 50 hours in one week and is paid piece rate for items produced
- Judy produces 500 pieces at \$2 per piece
- Effective rate is \$20
- Pay is \$1000 for piece rate plus 10 hours at \$10
- Total Compensation:  $\$1000 + \$100 = \$1100$



## Exceptions

- Agriculture
- Weekly contract
  - OT is pre-calculated & guaranteed



## Contact Information

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