

STILL DON'T PANIC!
WHAT THE FINAL MINIMUM SALARY
REGULATIONS REALLY SAY

by

Scott Warrick, JD, MLHR, CEQC, SCP
www.scottwarrick.com

THE FINAL MINIMUM SALARY
REGULATIONS

DON'T PANIC!

There is WAY TOO MUCH misinformation
and hype surrounding these regulations.

FINAL
MINIMUM SALARY
REGULATIONS

EXEMPTION TESTS

In order to be exempt from receiving overtime,
the employee's position must pass
all three of the following tests.

- 1. The Minimum Salary Test,**
- 2. The Duties Test, which includes one for bona fide executive, administrative and professional employees, and**
- 3. The Salary Test.**

EXEMPTION TESTS

The 2016 Final Regulations ONLY change
the Minimum Salary Test.

There are been no change at all to the
Duties Test or to the Salary Test.

Final Minimum Salary Regulations
will take effect on ...

EFFECTIVE DECEMBER 1, 2016

Minimum Salary

Current Minimum Salary

The employee must be paid on a Minimum Salary of at least **\$455 per week (\$23,660 per year)**.

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EFFECTIVE DECEMBER 1, 2016

Final Minimum Salary

The employee must be paid on a Minimum Salary of at least **\$913 per week, or \$47,476 annually.**

Minimum Salary

Under the Final Regulations, up to **10% of standard salary** level can come from non-discretionary bonuses, incentive payments, and commissions, paid at least quarterly.

Minimum Salary

The threshold also will be updated every **three years** instead of annually, rising to **\$51,000 on January 1, 2020.**

HIGHLY-COMPENSATED

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The employee earns total annual compensation of **\$100,000** or more, which includes at least **\$455 per week paid on a salary basis**

The Final Regulations would raise this minimum salary to the annualized value of the 90th percentile of weekly earnings of full-time salaried workers, which is equal to **\$134,004** annually.

HIGHLY-COMPENSATED

Future automatic updates to those thresholds will occur every **three years**, beginning on **January 1, 2020**.

**THE FINAL MINIMUM
SALARY REGULATIONS**

BASIC OPTIONS?

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Give Salaried Exempt Employees who make close to \$47,476 per year a raise to meet the new Minimum Salary.

BASIC OPTIONS?

Change your Salaried Exempt Employees who do not make a wage close to \$47,476 per year to hourly Non-Exempt employees.

BASIC OPTIONS?

Since Salaried Non-Exempt Employees are not Exempt from overtime, then the employee will receive overtime for any hours worked over 40 in a week.

BASIC OPTIONS?

Therefore, even though the employee is paid on a Salary Basis, the employee must still record all of his/her working time.

BASIC OPTIONS?

However, you can put the Salaried Non-Exempt employee under an agreement that states that the employee's agrees that his/her salary covers all of his/her straight time for any hours worked over 40 in a week.

BASIC OPTIONS?

Therefore, if the employee works 50 hours in a given week, since the employee has already been paid for his/her straight time for working 10 hours of overtime, the employer will only owe the employee "HALF-TIME" for those 10 hours of overtime.

BASIC OPTIONS?

This is referred to as a
"Fluctuating Workweek"
under
Section 29 CFR 778.114.

KEY CONSIDERATIONS?

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Cost of Increasing Wages

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Off Duty Duties

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Off Duty Duties

- Taking work home. (Paperwork, laptops, etc.)
- Making/receiving job-related phone calls at home.
- Working through lunch.
- Working before or after regular shifts.
- Taking care of employer equipment.
- Job-related “volunteer” work.

KEY CONSIDERATIONS?

Cost of Increasing Wages

Off Duty Duties

Tracking Hours

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Cost of Increasing Wages

Off Duty Duties

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Employee Benefits

**WHICH EXEMPTIONS ARE
NOT AFFECTED?**

COMPUTER PROFESSIONAL

OUTSIDE SALES

PRACTICE of LAW or MEDICINE

TEACHERS

**No Minimum Salary or Salary Test Requirements
exist for these exemptions.**

**These new
Minimum Salary Regulations
apply to Non-Profit Organizations
the same as the
FLSA always has in the past.**

**However, organizations who provide
Medicaid-Funded Services
for individuals disabilities in residential
homes and facilities with 15 or fewer beds
will not be required to comply with
these new regulations until
March 17, 2019.**

FINAL REGULATIONS?

DON'T PANIC!

Disclaimer

This information is provided for educational purposes only. It is intended to be generic in nature and should not be applied nor relied upon in any particular situation without the advice of your attorney.

33



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