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OVERTIME EXPANSION ?

PUT YOUR EMPLOYEES TO THE TEST

THE U.S. DEPARTMENT OF LABOR

has announced its final rule to expand overtime eligibility to more than **4.2 MILLION EXEMPT WORKERS MAKING LESS THAN \$913 PER WEEK**



To minimize the impact this rule could have on labor budgets, employers can prepare by **EXAMINING** employees' salaries and the amount of overtime some employees work.

But, payroll data paints just half of the picture employers need to build a strategic plan.

[\$47,476 PER YEAR].

It's also important to understand which employees meet standard exemption **CRITERIA** under the Fair Labor Standards Act's job duties tests.

Exempt positions are excluded from minimum wage, overtime regulations and other rights and protections afforded nonexempt workers. They are paid a salary rather than an hourly wage.

Use the following to give yourself an idea of how many employees currently meet the exemption criteria for their role and to gain a better understanding of the type of work exempt employees can – and can't – do.

WHEN EVALUATING YOUR EMPLOYEES, REMEMBER:

1 Job titles do **NOT** determine status.

2 Employees must satisfy **ALL** the requirements of a specific role to pass the duties test for that role.

EXECUTIVE EXEMPTION DUTIES TEST:

This exemption applies to employees whose primary job duties include tasks like managing processes, production, departments, employees, scheduling, budgeting and compliance.



- 1** DOES THIS MANAGER MAKE OR INFLUENCE WORKFORCE DECISIONS? Such as the hiring, termination or promotion of employees?
- 2** DOES THIS MANAGER REGULARLY DIRECT THE WORK OF AT LEAST TWO FULL-TIME EMPLOYEES? Here, full-time is defined as 40 hours.
- 3** WHEN THE MANAGER TAKES ON NONEXEMPT WORK, IS IT ON HIS OR HER OWN INITIATIVE? Generally, managers can perform nonexempt tasks without losing their exemption, as long as they're not directed to do so by a supervisor.

* If you answered **NO** to any question, the employee you're evaluating may **NOT** be exempt as an executive.

ADMINISTRATIVE EXEMPTION DUTIES TEST:

This exemption applies to employees whose primary duties include non-manual work that's directly related to the running or servicing of a business.

1 DOES THIS EMPLOYEE HAVE OPERATIONAL AUTHORITY? Can he/she deviate from procedure, implement new policies or commit the company to action regarding significant business matters?

2 DOES THE EMPLOYEE WORK IN ANY OF THE FOLLOWING DEPARTMENTS?

- Finance, insurance or auditing
- Operations, purchasing, quality control, human resources or compliance
- Marketing, advertising or public relations
- Computer network, internet or database administration

3 DOES THE EMPLOYEE EXERCISE INDEPENDENT JUDGMENT? Does the employee have the power to formulate and implement solutions, without having to consult or follow well-established procedures and techniques?

* If you answered **NO** to any question, the employee you're evaluating may **NOT** be exempt as an administrative professional.

LEARNED PROFESSIONALS EXEMPTION DUTIES TEST:

Employees' career fields, the source of their professional knowledge and how they apply that knowledge influence the bases for the learned professionals test.

1 DOES THE EMPLOYEE PERFORM WORK REQUIRING ADVANCED KNOWLEDGE, WHICH IS REQUIRED BY AN ACADEMIC DEGREE?

2 DOES THE EMPLOYEE USE HIS OR HER ADVANCED KNOWLEDGE BASE TO ANALYZE DIFFERENT SITUATIONS AND FORMULATE SOLUTIONS, WITHOUT HAVING TO RELY ON WELL-ESTABLISHED TECHNIQUES OR PROCEDURES?

3 IS THE EMPLOYEE GENERALLY CONSIDERED A PROFESSIONAL AND NOT A SKILLED WORKER? Does he/she work in a field of science or learning, like the sectors below?

LAW | MEDICINE | ACCOUNTING | TEACHING
ENGINEERING | ARCHITECTURE | SCIENCE

* If you answered **NO** to any question, the employee you're evaluating may **NOT** be exempt as a learned professional.

Just because an employee works in a professional field doesn't necessarily mean the exemption applies. This is because either the employee's work is routine in nature, or the employee's knowledge base is not the result of specialized academic training or intellectual instruction.

OCCUPATIONS THAT TYPICALLY SATISFY THE LEARNED PROFESSIONALS EXEMPTION

OCCUPATIONS THAT TYPICALLY DON'T SATISFY THE LEARNED PROFESSIONALS EXEMPTION

✓ ATTORNEYS
CHEFS
ENGINEERS
ACCOUNTANTS

✗ PARALEGALS & LEGAL ASSISTANTS
COOKS
ENGINEERING TECHNICIANS
CLERKS & BOOKKEEPERS

CREATIVE PROFESSIONALS EXEMPTION DUTIES TEST:

This exemption applies to workers in artistic or creative fields, whose job duties require them to be inventive and produce original work.

1 DOES THE EMPLOYEE WORK IN A CREATIVE OR ARTISTIC FIELD? Such as music, writing, graphic arts?

2 DOES THE EMPLOYEE USE IMAGINATION OR PERSONAL TALENT TO CREATE ORIGINAL WORK? Actors, musicians, composers, certain painters, writers, cartoonists and novelists usually meet the requirements under the creative professionals' exemption duties test.

* If you answered **NO** to any question, the employee you're evaluating may **NOT** be exempt as a creative professional.

COMPUTER EMPLOYEE EXEMPTION DUTIES TEST:

Employees who generally meet this requirement spend most of their time designing, analyzing, programming and developing computer programs and systems.

1 IF COMPENSATED ON AN HOURLY BASIS, DOES THIS EMPLOYEE MAKE AT LEAST \$27.63 AN HOUR?

2 DOES THE EMPLOYEE ANALYZE, DESIGN, CREATE, MODIFY, DEVELOP OR TEST SYSTEMS OR PROGRAMS? Employees who are highly dependent on computers or computer-aided design programs to complete their work – and employees who manufacture or repair computer hardware – typically do not meet this requirement.

3 DOES THE EMPLOYEE WORK AS AN ANALYST, PROGRAMMER OR ENGINEER?

* If you answered **NO** to any question, the employee you're evaluating may **NOT** be exempt as a computer employee.

Making cost-effective decisions about workforce labor allocation under the new rule can mitigate the impact it has on your business *and* your workforce.

Paycom's all-in-one, human capital management solution can help you seamlessly implement changes, while preserving productivity and a positive culture.

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