The U.S. Department of Labor (DOL) announced four regulations that raise the minimum salary requirement for the administrative, professional, executive and highly compensated employee exemptions under the Fair Labor Standards Act (FLSA). Organizations were given until December 1, 2016 to comply.* On November 22, 2016, a U.S. District Court temporarily blocked the new overtime rules from going into effect in December. Read the Eye on Washington to learn more.

What Are Exempt and Non-Exempt Employees?

**Employee**

A worker who is economically dependent on the business they work for, according to the DOL. Like an employee, a contract worker whose income is not dependent on a single employer.

**Non-Exempt**

An employee who is entitled to at least minimum wage for each hour worked and overtime when working more than 40 hours per week.

**Exempt**

A salaried employee who is not economically dependent on the business and must meet salary level, salary basis and duties tests.

For more information: www.adp.com/flsa

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**How to Prepare**

A more human resource.

**FLSA Overtime Rules: How to Prepare**

**What Are the Fair Labor Standard Act (FLSA) Overtime Changes?**

Employees who meet the administrative, professional, and executive exemptions must be paid a minimum of $913 per week. Automatic increases to the salary level will take place every three years. Also, the final regulations amend the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of the new standard salary level.

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**How do you make sure your organization is compliant?**

Follow the flow chart to find out.

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**Is the employee currently classified as non-exempt or exempt from overtime under the FLSA?**

No action required.

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**Does the employee meet the duties test under the administrative, professional or executive employee exemption?**

Yes

Reclassify the employee as non-exempt and pay overtime whenever he or she works more than 40 hours per week.

No

Raise his or her salary to at least $913 per week.

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**Does the employee earn a weekly salary of at least $913?**

Yes

No action required.

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**To comply, either**

**1. Increase the employee’s base pay to at least $913 per week.**

**2. Reclassify the employee as non-exempt and pay overtime.**

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**Executive Exemption:**

An employee’s primary duty must be managing an enterprise or subdivision thereof. The employee must customarily and regularly direct the work of at least two or more full-time employees; and have the authority to hire or fire other employees.

**Administrative Exemption:**

An employee’s primary duty must be office or non-manual work related to the business. The employee’s primary duty includes the exercise of discretion and independent judgment on matters of significance.

**Professional Exemption:**

An employee’s primary duty must be the performance of work requiring advanced knowledge in science or learning, or invention, imagination, originality or talent.