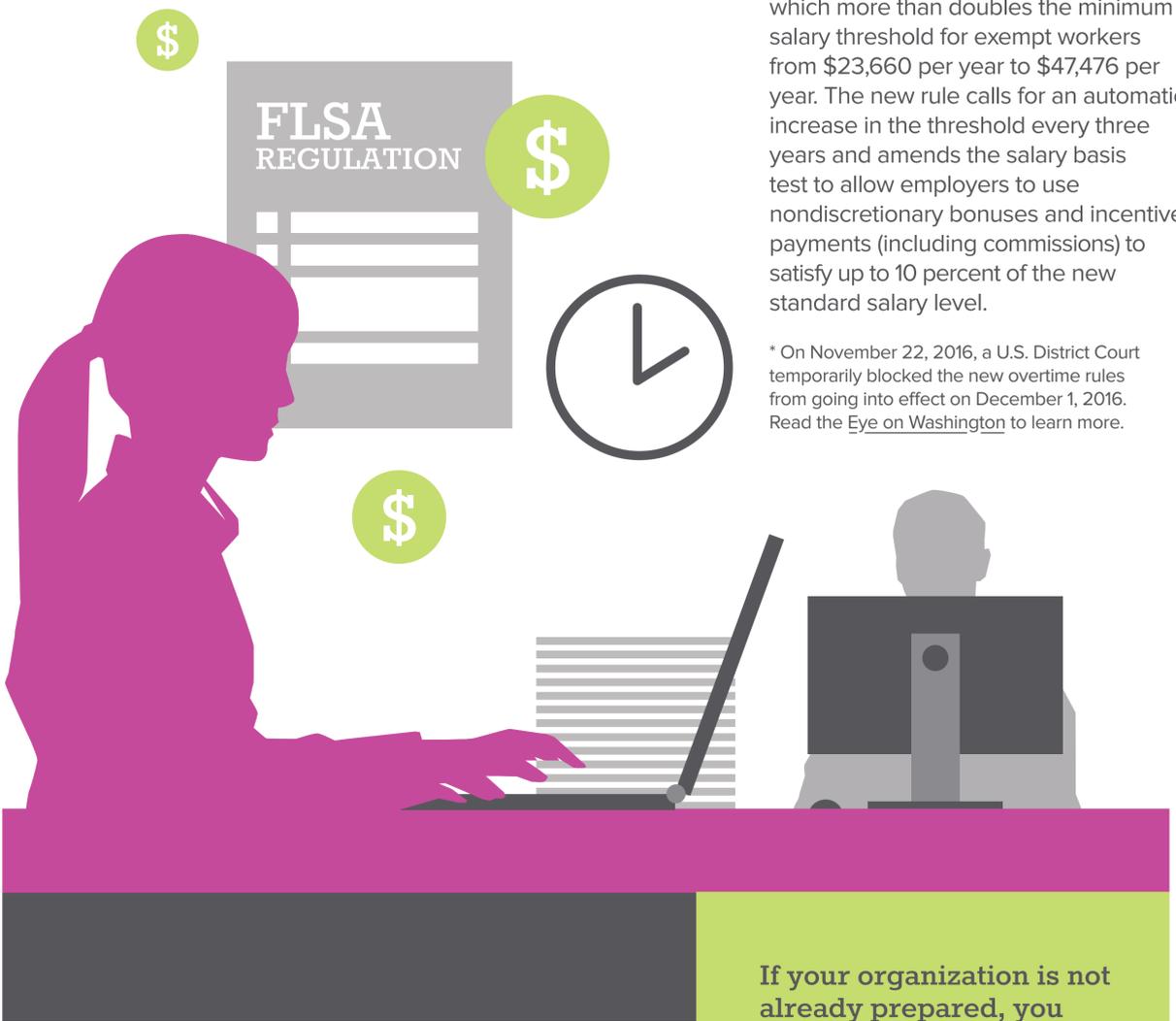


Three Steps to FLSA Compliance

On May 18, 2016, the U.S. Department of Labor (DOL) published its final rule with changes to the Fair Labor Standards Act (FLSA) regulations, giving organizations until December 1st to comply*. An increase to the standard salary threshold was the biggest change to the new rule, which more than doubles the minimum salary threshold for exempt workers from \$23,660 per year to \$47,476 per year. The new rule calls for an automatic increase in the threshold every three years and amends 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.

* On November 22, 2016, a U.S. District Court temporarily blocked the new overtime rules from going into effect on December 1, 2016. Read the [Eye on Washington](#) to learn more.



If your organization is not already prepared, you should get started now by following these steps:

Consider the Changes

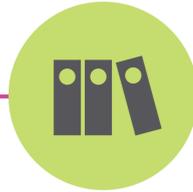


Understand the new rule, its changes and how it will affect the organization.



Brush up on the classification process under the FLSA and understand how employees are classified as exempt or non-exempt using the salary level, salary basis, and duties tests.

Assess Your Situation



Audit employees' records to determine who will need to be reclassified from exempt to non-exempt status based on the changes.

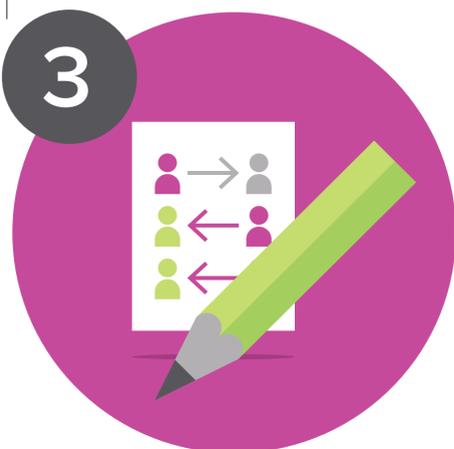


Monitor and estimate additional overtime costs for those employees changed to a non-exempt status.



Develop HCM strategies to optimize labor costs and maximize workforce efficiency while managing employee changes.

Take Action



Reclassify employees as needed and verify the classification of others. Be sure to pay attention to specific qualifications when classifying your workforce. You may want to increase salaries to maintain exempt status or reclassify employees as non-exempt and pay overtime.



Implement or expand time- and task-tracking tools and communicate any new processes to all employees.



Initiate hiring, contracting and talent management plans.



Communicate changes in status to employees.



Orient newly categorized employees to new paystubs, overtime policies, other non-exempt requirements, and hourly wages, and be prepared to answer questions.

For more information:
www.adp.com/flsa