

COULD YOUR EMPLOYEE BE EXEMPT FROM OVERTIME PAY?

An employee's job title does not determine exempt status. Instead, an employee's specific job duties and compensation must meet applicable federal, state, and local requirements. The following addresses federal wage and hour regulations.

✓ EXEMPT

- Must meet duties test
- Salary, fee, or pay rate basis test (except Outside Sales)
- Not required to pay overtime

✗ NON EXEMPT

- Must pay minimum wage
- Overtime pay required (not comp time)
- All hours must be recorded exactly

TYPES OF EXEMPTIONS

A thorough analysis by a trained professional is recommended to address the stringent federal, state, and local wage and hour regulations in this complex area of employment. The list below provides a sample of factors to be evaluated before determining exemption status.

For additional information and guidance, connect with your FrankAdvice HR Consultant.



EXECUTIVE

- Salary basis test
- Managing the enterprise, department, or subdivision
- Customarily and regularly directs the work of two or more full-time employees
- Authority to hire, fire, or recommendations must be given particular weight



OUTSIDE SALES

- No salary basis test
- Primary duty must be making sales, or obtaining orders or contracts
- Customarily and regularly engaged away from employer's place of business
- "Outside" does not include sales made solely by mail, phone, or internet
- "Away from employer's business" does not mean working from home



ADMINISTRATIVE

- Salary or fee basis test
- Office or non-manual work directly related to management or general business operations
- Exercise of discretion and independent judgment with respect to matters of significance



PROFESSIONAL

- Salary or fee basis test
- Work requiring advanced knowledge, predominantly intellectual
- Requires consistent exercise of discretion and judgment
- Advanced knowledge in science or learning acquired by prolonged specialized instruction



COMPUTER

- Salary, fee, or hourly pay rate test
- Systems analysis techniques, including consulting with users
- Design, development, documentation, analysis, creation, testing of computer systems/programs
- Design, documentation, testing, creation, modification of computer programs