



STRATEGIES FOR Success

OVERTIME LABOR LAWS

*Are you in
compliance with
Federal Overtime
Laws?*

*Violations can be
a very costly
experience!*

One of the better known — but not completely understood — aspects of labor law is overtime. Some of the Federal overtime requirements employers must comply with include:

1. Pay the minimum wage or the state minimum if it's higher, per hour and pay overtime.
2. Neither the employer nor employee can suspend or give up the right to overtime. It must be paid.
3. Overtime is paid on all compensation, including commissions, salaries, periodic incentives and hourly rates. All compensation must be taken into account when calculating overtime pay. Overtime is based on the workweek, not the pay period.
4. Overtime is generally paid on a total weekly hour basis. However, some states calculate overtime on a daily basis. The first 40 hours are straight time. Anything over 40 hours is paid at time and a half.

requirements are in their state. If employees are required to attend meetings, be present at working lunches or just wait on stand-by, this additional time is calculated toward the total hours worked and it could mean additional pay and possible overtime.

Overtime pay may be required in certain circumstances where it was not authorized previously, such as working late without permission. However, if more than 20% of the retail salesperson's compensation is paid in commission and the average hourly rate is at least 1 1/2 times the minimum wage, the employee may not be subject to overtime. Qualified outside salespersons may be exempt entirely. The penalty for failing to pay minimum wage or overtime can be as high as 100% of the underpayment, plus payroll taxes. In addition, willful disregard of the rules also can carry a jail sentence.

To obtain more information on overtime, consult your Fiducial Business Services representative for assistance.

In some states, the laws may conflict with federal laws. If state and federal overtime laws clash in your state, then the state law takes precedence. That's why it is important that business owners know what the overtime

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