

## **What Rule Is Your Organization Following to Determine “Exempt” or “Non-Exempt” Status?**

### Failure to Understand and Follow the Federal Regulations Could Cost Your Organization BIG \$\$\$

On May 18, 2016, the Department of Labor (DOL) announced that the updated regulations for governing the exemption of certain employees from overtime pay have been published. **The effective date for the final rule is December 16, 2016.**

Since 2014 when the current Administration first directed the DOL to update the regulations regarding employee classification and overtime pay protections, SCI’s HR Consultant has attended many informational sessions regarding the new regulations. The message that is loud and clear from both governmental and legal experts is this: NOW is the time to review and understand the regulations. The DOL has indicated they are preparing to aggressively enforce the new rules, and failure to comply can potentially be devastating to organizations—especially for small to mid-sized businesses.

We often find owners and managers of small to mid-sized businesses choosing to classify an employee as “Exempt” or “Salaried” as part of a promotion. Or, perhaps an employee views no longer having to punch a time clock or turn in hours as a perk of his/her job. Caution should be exercised when choosing such decisions. There are specific salary levels, as well as Job Duties ‘Tests’ that must be met and, only when in compliance with these regulations should an employee be classified as “Salaried” or “Exempt (from Overtime).”

To learn more about the 2016 Final Rule regarding over time pay, employee classification and the required “Duties Test”, we encourage all business leaders, HR and Payroll professionals to review, and understand, the following guidelines found at [www.dol.gov](http://www.dol.gov).

<https://www.dol.gov/WHD/overtime/final2016/overtime-factsheet.pdf>

<https://www.dol.gov/whd/overtime/final2016/smallbusinessguide.pdf>

If you have further questions, or would like more information regarding Human Resources or Payroll solutions that can help you better manage your organization’s most valuable asset – your employees— feel free to contact Jacki Crawford at [jcrawford@stewardconsulting.com](mailto:jcrawford@stewardconsulting.com).