

# Overtime Compliance Worksheet



On **May 18, 2016**, the U.S. Department of Labor (DOL) announced a [final rule](#) regarding overtime wage payment qualifications for the “white collar exemptions” under the Fair Labor Standards Act (FLSA). This worksheet is designed to help small businesses prepare for the new rules **taking effect December 1, 2016**.

- Identify employees currently classified as exempt from overtime with a salary under \$47,476 per year (\$3,956 per month) and estimate the number of hours they are currently working. Use a separate sheet if necessary.**

Employee Name	Current Salary	Current Job Title	Average Hours

- Compare the costs of increasing their salary to the new threshold with paying overtime.**
  - To do this, determine the hourly pay rate for each employee by dividing their annual salary by 40 hours per week and 52 weeks per year. For example an employee who makes \$40,000 per year would have an hourly pay rate of \$19.23 ( $\$40,000/40/52$ ).
  - Then determine the overtime pay rate by multiplying the regular pay rate by 1.5. In the example above, the overtime rate would be \$28.85 ( $\$19.23 \times 1.5$ ).
  - Figure out the increased cost of overtime by multiplying the total number of hours over 40 each week by the overtime rate. For the example above, if the employee regularly works 45 hour per week, the increased cost of overtime would be \$7,501 per year ( $5 \times \$28.85 \times 52$ ). In this case, the cost of paying overtime would be slightly higher than increasing the employee’s salary to the threshold.
- Evaluate timekeeping options for employees moving from exempt to non-exempt.**
  - If you decide to move employees from exempt to non-exempt, paying them an hourly rate and overtime you will need to track their hours worked. You accomplish this with a printed timesheet, an electronic spreadsheet or a timekeeping system.
- Audit job titles to ensure they support job duty requirements for exempt employees.**
- Review overtime policies and procedures for employees.**
- Consider other systems that would be affected as a result of employees move from exempt to non-exempt (such as requesting time off, scheduling, working remotely, etc.).**
- Make a final decision for the company as soon as possible, but no later than November 1, 2016.**
- Notify your payroll department of changes including pay rate, exempt/non-exempt status, job title, PTO accrual rate, etc. as soon as possible, but no later than November 15, 2016.**
- Notify affected employees of changes no later than November 15, 2016.**

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This Overtime Compliance Worksheet is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.