



Group Benefits Designers, Inc.

Health ~ Dental ~ Vision ~ Life ~ Disability ~ Voluntary

Happy Holidays

The GBD team wishes everyone a wonderful holiday season full of rest and relaxation!

This quarter, we feature a friend and HR Expert Adam Calli from Arc Human Capital.

Enjoy!

It's hard to believe that 2020 will be here before we know it! When the new year begins, employers will have a modified federal employment law to comply with. The Fair Labor Standards Act of 1938, is occasionally adjusted to keep up with the times. The newest adjustment, effective January 1st sets a new minimum salary that employers must pay employees classified as exempt under either the Executive, Administrative, or Professional categories. The present minimum of \$455 per week will be replaced by a new minimum of \$684 per week (\$35,568 annually). Employees in these exempt classifications who don't make this new minimum salary must either receive a raise or be reclassified into non-exempt roles where they'll be eligible to receive overtime pay for all hours over 40 worked in a week. Employers should review the salary level for their exempt staff and also consider the TOTAL number of hours they usually work in a week.

Total includes not only all hours at work, but time spent answering calls, responding to emails or other types of offsite/out-of-sight work which becomes payable if the employee is reclassified.

While the emphasis here is on the amount of pay employees receive, employers must remember there are three requirements that must be satisfied for an employee to be properly classified as exempt:

1. The employee must receive their pay on a salary basis – they're paid the same amount every period with very little variation except in cases of certain leaves of absence or disciplinary suspensions.
2. The employee must satisfy the "duties test" which generally means the primary work they perform, and their job responsibilities, must not be overly manual or repetitive in nature. Their work must have impact and require regular use of judgement and exercise of independence over matters of significance which is not regularly subject to modification by someone else. This is a lengthy area of the law, and details are available through the link below.
3. And finally, they must receive the minimum salary which is now being newly adjusted.

Remember, ALL THREE of the requirements must be satisfied! If they aren't and you're audited, or a disgruntled current or former employee files a complaint, you could be subject to very expensive fines!

Avoid the risk! Review your salary levels now and decide how to respond. Otherwise, your "Happy New Year" won't be so happy after all!

For more information visit the US Department of Labor here: <https://www.dol.gov/whd/overtime2019/> or to talk with a seasoned HR consultant contact Arc Human Capital LLC at info@archumancapital.com or 703-752-6195.

About the Author: Adam Calli, MSM, SHRM-SCP is a 20+ year HR veteran and the Principal Consultant and founder of Arc Human Capital, LLC where they focus on helping organizations reap the rewards of the promise of modern HR while meeting their compliance mandates.

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