

HOW TO TELL SALARIED EMPLOYEES THEY'RE BECOMING HOURLY

In late September, the Department of Labor increased the minimum salary for "white-collar" exempt employees to \$35,568 per year. If you're planning to reclassify employees who are currently exempt from overtime pay and make them nonexempt (hourly) because of this change, you need to be prepared for questions and possibly pushback, as many in the workforce view salaried positions as having more status than hourly positions.

Here are a few key points you may want to cover when telling employees they've been reclassified:

It's not a demotion

Reclassification is a matter of compliance and has nothing to do with job performance.



It's not a pay cut

Employees' new hourly rates were likely calculated so they take home the same amount each week that they did when they were salaried.

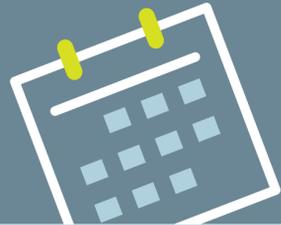
It may be a pay raise

Eligibility for overtime guarantees employees will be paid for all working time. If they work more than 40 hours a week, they'll have to be paid one and one-half times their hourly rate for any overtime hours.



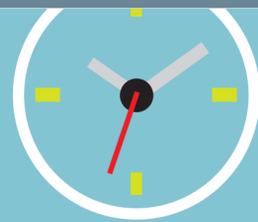
It may mean more time off

Reclassification can improve work-life balance because instead of feeling pressure to stay late at the office every night, employees can justify heading home when their eight hours are up.



Flexibility has not necessarily been eliminated

Workers will have to log their 40 hours, but they may have flexibility as to when they begin and end their workday, or how that 40 hours is broken up over the course of the workweek. If this is the case in your workplace, stress this with those who are being reclassified.



It's easy

Time tracking may be new to employees who used to be exempt, but it doesn't have to be difficult. For a smoother transition, thoroughly train affected employees and their managers on time-keeping procedures. Review policies on overtime, explaining when and from whom they must get permission to work more than 40 hours a week.

No off-the-clock work allowed

Any work done after hours or on weekends must be tracked. Formerly exempt employees who answer work phone calls, texts, and emails at home may not even realize they are working overtime.



The final rule is effective on January 1, 2020

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