

# Overtime Policy

Because of the nature of our business, your job may periodically require overtime work. If the Company requires that you work overtime, we will give you as much notice as possible. You should not work overtime hours without prior approval by your Manager.



## Compensation:



**Nonexempt Employees** who work more than 40 hours in one week are entitled to one and one-half their base rate of pay for each hour of overtime worked in excess of 40 hours. The standard workweek is defined as 12:01 a.m. (first day of work week) through midnight, (last day of work week).

**Exempt Salaried Employees** do not have a right to extra compensation for overtime. If you are a salaried employee and you are working substantially more than 40 hours weekly, you may speak with your manager regarding additional time off or a similar arrangement.

## Advice to Employers:

The Federal Fair Labor Standards Act (FLSA) regulates overtime pay and minimum wages. Some states have similar statutes, some of which may differ from federal law, e.g., requiring a higher minimum wage. These statutes govern both overtime pay for hourly nonexempt employees and payment of salary to exempt employees. Many states mandate the frequency of payment of compensation to employees. Employers, therefore, should familiarize themselves with both state and federal laws relating to employee compensation and payroll practices. You may wish to inform employees of their rights under the law. Some of the federal statutes required the posting of notices to employees regarding certain compensation issues.



The federal Fair Labor Standards Act mandates overtime pay for hourly nonexempt employees but not for salaried exempt employees. However, subject to some exceptions, if a salaried employee works part of a day he or she must be paid for the entire day, and if the employee works part of a work week, he or she is entitled to pay for the entire workweek. There are provisions for requiring the use of vacation time, paid time off, sick leave, etc., as well as provisions for suspensions or other disciplinary actions.

Some employers allow employees who have worked additional time to take “comp time” to help compensate for the unpaid overtime. The comp time could allow additional time off for each hour of overtime worked, or it might allow for compensation for a fraction of the hours worked or for compensation under particular circumstances.

If you elect to use comp time, you may wish to make it effective after something more than 40 hours weekly, e.g., 45 hours. You have complete discretion is structuring the benefit.

## Sample Provision for Comp Time



Unlike hourly employees, salaried exempt employees are not entitled to overtime pay by law. However [Name of Company] offers salaried employees compensation time (“comp time”) when salaried employees are required to work more than \_\_\_ hours in any work week. The time may accumulate up to a maximum of \_\_\_\_ hours. Requests to use comp time should be submitted to your manager in the same way other requests for time off are made. Requests to use more than three (3) hours of comp time must be made at least \_\_\_ days in advance. Other requests should be made as early as possible.