



# Risk Management Services

## HIGHLIGHT SHEET

### Who is covered by the FLSA?

**"Enterprise" coverage:** All employees of any for profit or not-for-profit employer with \$500,000 in annual revenue.

**"Individual employee" coverage:** All employees of any for profit or not-for-profit employer engaged in interstate commerce.

**Certain "named enterprises":** See the E-Alert for details.

### Are non-profits exempt per se from FLSA?

No; however, "non-business" income (such as donations) does not count toward the \$500,000 threshold.

### What are the white-collar exemptions?

Professionals, administrators, and executives are exempt from overtime required under the FLSA.

### What test applies to the white-collar exemptions?

1. Must be paid a defined minimum salary;
2. Must be paid on a salaried basis;
3. Must have certain defined duties.

### How do the new FLSA rules change the test?

The minimum salary rises from \$455/week (\$23,660 per year) to \$913/ week (\$47,476 per year), effective December 1, 2016.

### Who is affected?

It is estimated that 4.2 million currently exempt employees will become overtime eligible due to the new rules.

### What other changes do the new rules make?

Up to ten percent of the new minimum salary amount may be satisfied by the payment of certain nondiscretionary bonuses, incentives, and commissions.

The minimum salary for "highly compensated employees" rises from \$100,000 to \$134,004 (ten percent rule does not apply). This category applies to those highly paid white-collar employees who are subject to a streamlined-duties test to satisfy the exemption.

### What options do employers have?

See the E-Alert for employer options and strategies to minimize the effect of the new rules.

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