



THE NEW OVERTIME LAW THAT MAY COST YOU A FORTUNE!

Here's what the government isn't telling you about the
new Federal Overtime Law and your business...

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What exactly is the New Federal Overtime Law?

Before we dive into the details of the new Overtime Law, I want to ask you a question:

What would happen to your business if you were involved in a catastrophically-expensive lawsuit within the next 1-2 years (I'm talking hundreds of thousands to millions of dollars)?

Of course there is always a risk of being sued as a business owner and entrepreneur, but the new Overtime Law announced by President Obama's Department of Labor is raising this risk to a whole new level.

On May 23, 2016, the federal government changed the overtime rules for more than 4 million employees in the United States. That means there are **4 million workers who will soon be entitled to overtime pay** who weren't receiving it previously! Not only that, but the new law exposes businesses to severe fines and penalties if they do not comply.

Today, business owners are required to give overtime compensation ("time and one-half their regular rate of pay") to employees making less than \$23,660 a year. After December 1st, 2016, the new threshold will be increased to \$47,476 a year (\$913 per week). That means if you have employees making less than \$47,476, you better get ready to pay overtime if they work more than 40 hour in a work week.

Keep reading, I'm going to tell you what you need to know about the new Federal Overtime Law and show you **how to avoid the fines and penalties.**

What negative impact will the Overtime Law have on you and your company?... (be sure to keep these on your radar)



Negative Impact #1: If you give a raise to one employee, everyone else will want a raise too.

The new law is going to significantly increase the number of workers who are entitled to overtime based on their current compensation levels. This change will force business owners to either raise wages or cut hours in order to avoid overtime wages.

If business owners decide to raise wages, that can lead to demoralizing “wage compression” where subordinate workers are earning almost as much as their managers and supervisors. In this scenario, it is likely that your managers and supervisors will request a raise as well. On the other hand, if you choose to cut hours in order to avoid overtime penalties, you may be forced to hire more part-time or full-time employees to ensure the work gets done.

No matter which path you choose, careful planning is critical to avoiding these kinds of workplace disruptions.

What negative impact will the Overtime Law have on you and your company?... (be sure to keep these on your radar)



Negative Impact #2: Allowing employees to work from home is about to become really complicated

If you have salaried employees who work remotely (telecommuting), the new Overtime Law might be a huge headache just waiting to happen.

As a business owner, you know that your salaried employees love the flexibility that comes with working remotely. They work where they want, when they want, and are often some of your most productive and hard-working employees.

However, once the new Overtime Law takes full effect, tracking every minute of time that your employees work remotely can become a managerial nightmare, and failure to track those hours can be even scarier! So, if remote working is part of your company culture, beware!

What negative impact will the Overtime Law have on you and your company?... (be sure to keep these on your radar)



Negative Impact #2 (Cont'd): Allowing employees to work from home is about to become really complicated

Another factor you need to consider is how you will accurately track the time your employees spend working, both inside and outside the office.

For example, think about your employees who use a company cell phone, computer or other device. If your employee responds to work emails after hours, that's work time that must be recorded and paid. How are you going to capture and record that time? If they receive a phone call from a client or coworker while out of the office, will you be able to account for that too? Will you need new procedures and policies, time management software, or other technology? These are all important details to consider if you want to avoid legal fines and penalties.

Updating timekeeping and other policies is a major burden of the new Overtime Law, but the consequences do not end there...

What negative impact will the Overtime Law have on you and your company?... (be sure to keep these on your radar)



Negative Impact #3: Salaried employees may have to pick up the slack if there is overflow work

Do your salaried employees complain about having too much on their plate as it is? If so, things could get even worse...

One way to avoid giving overtime pay to employees who are eligible for it is to keep them under 40 hours a week by reassigning some of their work tasks to overtime-exempt employees. While this may prevent you from having to pay overtime compensation, your overtime-exempt employees may not appreciate the additional responsibilities.

Another strategy for avoiding overtime pay is to hire part-time employees to handle the reassigned tasks instead, but that may also pile more responsibilities onto the plates of your management team.



The Legal and Financial Consequences of non-compliance

This is one employment law you cannot afford to break

The federal government has rolled out a lot of new rules and regulations over the past few years, but the new Overtime Law definitely has some of the most severe consequences.

Here is a brief list of the penalties business owners might face. **(After this section I'll teach you about a few ways to avoid them)**

Lawsuits from employees

If your business is not compliant with the new Overtime Law by December 1st, 2016, your employees can file a lawsuit against your business. Even if you are not proven guilty of breaking the law, the legal fees and time spent handling the lawsuit can add up to hundreds of thousands of dollars very quickly.

Civil money penalties

If your business is in violation of the new Overtime Law, you may be fined a “civil money penalty” of \$1,100 per violation.



The Legal and Financial Consequences of non-compliance

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Being forced to pay back wages... and then some

If your business is not compliant with the Overtime Law and you become involved in a lawsuit, you may have to pay past overtime wages that were never given to employees. Depending on the circumstances, you may also have to pay a multiple of those wages (2 times the owed amount) if required by the court.

Potential criminal charges

If a court decides that a business willfully or intentionally violated the law, business owner(s) may face criminal charges and imprisonment.

**Would you like to know how the new Overtime
Law specifically applies to your business?
Give me a call at 801.874.4964**



How can you keep you and your business out of **hot water**?

Up to this point, we've talked about many of the obstacles the new Overtime Law puts in your business's path, but now I want to point out a few ways you can navigate around those obstacles.

Here are **5 strategies you may want to consider** to make your business compliant with the new Overtime Law.

- 1.** You can increase employee salaries to more than \$47,476 so they remain exempt from the Overtime Law.
- 2.** You can keep employee salaries at the current level and pay overtime wages if your employees work more than 40 hours a work week.
- 3.** You can hire more part-time or full-time workers to avoid the need for anyone to work more than 40 hours a week.
- 4.** You can reassign some of the hourly employee responsibilities to salaried employees who are not eligible for overtime compensation.
- 5.** You can reduce the time hourly employees need to work and increase their efficiency by eliminating unnecessary tasks.



Don't hesitate to reach out if you have any questions!

I love helping entrepreneurs and business owners like you to keep on top of employee-related issues (actually... that's what gives me the motivation to sift through hundreds of pages of boring legal documents so you don't have to!).

If you have any questions about the new Overtime Law or any other employee-related legal issues, please feel free to use me as a resource. If you don't have any questions at the moment, keep this download and my information on hand for future reference!

In the meantime, best of luck in all of your business endeavors!

Handwritten signature of Spencer Phillips in black ink.

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