



Contingency Planning Urged for Proposed Overtime Rule

News

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John Thompson was quoted in *SHRM* on August 5, 2015. The article “Contingency Planning Urged for Proposed Overtime Rule” discussed how although it’s probably too soon to start reclassifying workers in response to the proposed overtime rule, it is time to start making contingency plans.

John said contingency planning should include assessment of:

- Whether, and for which employees, management is prepared to pay a higher salary to maintain exempt status and whether some new regulation permitting employers to include bonuses might affect this thinking.
- How confident management is about defending the exempt status of certain employees today, whatever the salary level might later be.
- For employees whose status is in question, whether other Fair Labor Standards Act (FLSA) exemptions might be applied.
- What kinds and amounts of pay will comply with the FLSA and fit within management’s financial constraints.
- What communications program will be used to convey reclassification decisions.

Don’t forget, John cautioned, that the salary requirement applies on a workweek or pay-period basis.

“Annualized figures might be fine for purposes of making projections or speaking in generalities, but they do not represent the regulatory requirement,” he said. “This is not simply a picky point: Some employers get the misimpression that, as long as the annualized figure is met, the exemptions’ compensation requirement is satisfied.”

To read the full article, please visit [SHRM](#).

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