



## FLSA – Fair Labor Standards Act

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Effective 12.1.16 the new overtime rules increase the salary levels at which executive, administrative, and professional works may be considered “exempt” from overtime pay when a work week exceeds 40 hours

Salary level goes from; \$455 to \$913 a week (up to 10% of which may be met with nondiscretionary incentive compensation)

Total annual compensation requirement for highly compensated employee exemption will increase from \$100,000 to \$134,004

## Some key issues to consider

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Cut Backs: Employers may now be forced to shift or reduce costs by lowering employer contributions, cutting 401k matches or reducing paid time off amounts

Fines: Under the Affordable care act affordability penalties for ALEs loom

Unintended consequences: If you change salary structures you could unintendedly effect employee's eligibility for other employer-sponsored plans (401k, STD by class, premium shares based on compensation)

ERISA section 510: “It shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of an employee benefits plan...”

Update and redistribute: Plan sponsors should make sure SPDs, SBCs, and handbooks have been modified to note any changes

Employee morale: It could be affected, make sure communications are coherent, timely and that all employee questions are heard

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