



## Interns – Paid or unpaid

When determining whether someone should be classified as an unpaid intern, "the rules are pretty stringent,"

The "[primary beneficiary test](#)" under the federal Fair Labor Standards Act (FLSA) determines whether a person should be classified as an unpaid intern or a paid employee. These seven factors should be considered under the test:

- Whether the intern and the employer clearly understand that there is no expectation of compensation.
- Whether the internship provides training similar to that which would be given in an educational environment, such as clinical and hands-on training.
- Whether the internship is tied to coursework or the receipt of academic credit.
- Whether the internship accommodates the intern's academic commitments by corresponding to the academic calendar.
- Whether the internship's duration is limited to the period in which the internship provides beneficial learning.
- Whether the intern's work complements, rather than displaces, the work of paid employees.
- Whether the intern and the employer understand there's no entitlement to a paid job at the conclusion of the internship.

The FLSA "defines the term 'employ' very broadly as including to 'suffer or permit to work,'" said John Cascone, senior vice president of Flex HR, an HR outsourcing firm in Johns Creek, Ga. However, Cascone noted there's an exception for those who meet the primary beneficiary test. "This exclusion from the definition of employment is necessarily quite narrow because the FLSA's definition of 'employ' is very broad," he explained.

When non-profit organizations meet all 7 criteria factors, then there is no need for compensation. Just remember though companies can always choose to pay interns even when they're not legally required to do so.