

Exempt vs. Non-Exempt – Do You Know the Difference?

What's the difference between exempt and non-exempt employees? If you own a business and get this wrong, it could cost you money, stress, and more.

MANTECA, CALIFORNIA, UNITED STATES, June 2, 2019 /EINPresswire.com/ -- What's the difference between exempt and non-exempt employees? This is a question [ClearPath](#) gets asked frequently. Many people in the workforce are unsure of the difference, and many more don't even know that these classifications exist. If you own a business and get these two very distinct classifications wrong, it could cost you money, stress, interest, and penalties.

The main difference between exempt and non-exempt employees is overtime pay, however, a recent update from Wage and Hour Law - New FLSA Guidance has proposed a new rule regarding overtime eligibility. Read more about the distinctions between both employees as well as the new update below.

What is a Non-Exempt Employee?

Non-exempt employees receive different protection than exempt employees under federal law. If a non-exempt employee works overtime, under federal and state law they must legally be paid for every hour of overtime worked.

Non-exempt employees are protected by the rules and regulations set out by the Fair Labor Standards Act (FLSA) at the Federal level as well as the state rules and regulations in the state where the work is performed. Employers are required to pay these employees — at minimum — the federal minimum wage or the state minimum wage, whichever is greater. Any overtime hours worked over 40 hours every week must be paid at one and a half times an employee's hourly wage unless the state has a more generous overtime or double time regulation. These amounts vary from state to state and if the work is done under a bargaining agreement.

What is an Exempt Employee?

Exempt employees do not have the same rights as non-exempt employees. This is because they are not covered by FLSA overtime rules and regulations. For example, exempt employees are excluded from earning minimum wage in addition to overtime regulations because these types of employees are generally paid more. Depending on the exemption requirements of the classification, the employer might have a minimum salary amount that must be paid. These employees are expected to complete the tasks and responsibilities they were hired for, regardless of the number of hours required to do so. This can sometimes mean staying late or coming in early.

Exempt employees are not typically given an hourly wage and are paid a salary by their employers, however some states do allow for hourly exemptions. Exempt employees are expected to devote any number of hours to complete the tasks and duties they are paid to do, whether it requires more or less than 40 hours a week. They do not receive overtime pay for any hours worked over 40 hours per week.

For an employee's position to be considered exempt, their employer must pay them a salary, unless the state allows otherwise. These types of positions are typically Executive, Professional, Computer and Outside Sales roles.

There is no difference in how exempt or non-exempt positions are taxed. Although non-exempt employees receive more wage protection from the FLSA, the same laws of equal employment opportunity, the right to a safe work environment, and other rights apply to both classifications. In most cases both types of employees can collect unemployment benefits.

Coming Soon - Wage and Hour Law - New FLSA Guidance

A proposed Federal rule announced by the Department of Labor (DOL) could make over one million more American workers eligible for overtime. Under the current law, employees who earn a salary less than \$455 per week (\$23,660 annually) must be paid any overtime hours worked over 40 hours per week. Employees who make at least this salary may be eligible for overtime based on their duties. The proposed rule would increase this standard salary to \$679 per week, or \$35,308 per year. Keep in mind that some states have different wage earning minimums that might already exceed the new Federal proposed regulations.

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