

Q&A Recruiting & Hiring



Courtesy of Meridian Benefits Consulting

Q

What does “exempt” mean? How do you determine if an employee is “exempt” or “nonexempt”?

A

Simply stated, when a position is considered exempt, it means that individuals in that position are exempted from the overtime provision of the Fair Labor Standards Act (FLSA). An employer uses the FLSA salary and duties test to determine status. Exempt employees are paid on a salaried basis; in other words, they are paid the same amount every week with no deductions for quantity or quality of work. Under the FLSA, that weekly salary must be at least \$455 (or \$27.63 per hour for certain IT positions).

Individuals working in positions that are nonexempt are covered by the overtime provision of the FLSA. These individuals are entitled to receive overtime pay (1.5 times regular pay) for time worked beyond 40 hours in a workweek.

The FLSA does not apply to noncovered workers. Some noncovered workers include independent contractors, prisoners and elected officials.