

Pay Structures: Non-Exempt vs Exempt

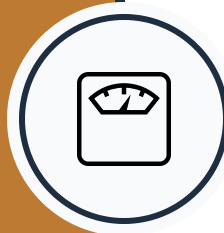
Non-exempt employees are entitled to overtime pay and minimum wage protections, while exempt employees must meet specific salary and duty criteria and are not eligible for overtime. These distinctions affect pay methods and record-keeping requirements.

COMMON ERRORS

VS.

KEY FACTS

Employee classification depends largely on pay structure rather than job duties, making the distinction between non-exempt and exempt employees a complex and nuanced issue.



Employee classification depends on salary thresholds and duties tests for exempt status, not just job titles or pay frequency, clarifying common errors.

Exempt employees do not receive overtime pay regardless of hours worked, which is often mistaken as unfair when in fact it aligns with specific salary and duty criteria.



Non-exempt employees must be paid at least the minimum wage and overtime at 1.5 times their regular pay for hours beyond 40 per week, entitling them to protections that exempt employees do not receive.

Non-exempt status applies regardless of job duties, and employees can be paid hourly or salaried, which contradicts the belief that all salaried employees are exempt.



Exempt employees must earn a minimum salary of \$684 weekly, highlighting the importance of meeting salary requirements to maintain exempt status under labor laws.

Minimum wage protections apply only to non-exempt employees; exempt ones must meet a salary threshold, not covered by universal wage rules.



Typically paid hourly, non-exempt employees' wages fluctuate with hours worked, whereas exempt employees receive fixed weekly salaries regardless of hours, reflecting fundamental pay method differences.

Employers must keep detailed daily records of hours worked for non-exempt employees, a requirement often overlooked or misunderstood in workforce management.



While employers must track hours for non-exempt employees, exempt employees' hours are not recorded, emphasizing a critical distinction in record-keeping and compliance obligations.