



Paying your employees properly is your responsibility

There are laws on the federal and state level that regulate how businesses pay their workers. On the Federal level this law is called the Fair Labor Standards Act. Originally passed in 1938 and recently updated. Almost every individual state has its own equivalent. These laws promulgate rules regarding minimum wage, child labor, and overtime. Failure to follow these rules can lead not only to the requirement to pay the worker his due but also may entail penalties and fines.

Do you have to pay overtime to everybody?

The short answer is no. Some managerial, professional and sales personnel are exempt. The rules for determining who is exempt and who isn't can be confusing. Recently there have been very large class action or multi-claimant lawsuits involving the failure to pay overtime and the misclassification of employees. There has been an ongoing debate in the insurance industry whether unintentional violations of FLSA is insurable. Some insurance companies offer the coverage but on a restricted basis. ***The program that your agent is proposing excludes it altogether.*** *The coverage may be available at an additional premium but you will need to fill out a supplemental application.*

Resources Available to advise you on Compliance

- The FLSA has a website that will provide you compliance assistance it is www.dol.gov/esa
- If you contract with a payroll services such as ADP or Paychex contact your sales representative to inquire whether they provide assistance or consulting.
- Your attorney or accountant
- **LawRoom** is a fee-based service that provides this information via the internet. 1-800-652-9546 www.LawRoom.com



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