

CAREERS**Q&A: How New US Overtime Rules Could Help or Hurt Employees**

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WASHINGTON — More pay? Or just fewer work hours?

The new overtime rule the Obama administration issued in May could mean thicker paychecks for some Americans who work longer hours — or, just reduced time on the job.

The rule doubles the salary level that employees must receive to be ineligible for overtime pay. If they earn less than the new threshold, they get 1½ times regular wages for any work done beyond 40 hours a week. The threshold will be \$47,500 a year, up from the current \$23,660. Hourly workers are already entitled to overtime pay.

Labor Secretary Tom Perez said the change, which will take effect Dec. 1, will qualify 4.2 million more workers for overtime pay.

The higher level is intended to offset inflation, which has eroded the old limits. Some retail and restaurant chains pay

low-level managers as little as \$25,000 a year and no overtime — even if they work 60 hours a week.

Business groups argue that the rule will raise compliance costs and paperwork because companies will have to track workers' hours more meticulously. They also contend that many small businesses can't afford either to raise managers' salaries above the new threshold or pay them overtime.

Here are some questions and answers about the new rule:

Q: I'm a manager at a fast-food restaurant and frequently work 50 or 60 hours a week. Am I now going to get paid for the extra time?

A: If you make more than \$23,660 but less than \$47,500, you will now be eligible for overtime pay. But that doesn't mean you will necessarily get it.

The National Retail Federation said about one-tenth of salaried employees newly eligible for overtime will probably receive raises



In this May 6, 2016, file photo, President Barack Obama speaks in the briefing room of the White House in Washington. Roughly 5 million more U.S. workers will soon become eligible for overtime pay under new rules issued by the Obama administration. The policy changes would benefit many salaried employees in the fast food and retail industries who often work long hours, are called managers, but are paid just above the current \$23,660 annual threshold that allows companies to deny overtime pay.

high enough to lift them above the \$47,500 threshold. They will make more money, but won't qualify for overtime pay. Managers paid more than the threshold are ineligible because they fall under the so-called white-collar exemption that excludes supervisors and professionals from overtime.

Q: What if my salary is still below the \$47,500 threshold and I work overtime?

A: Then you might get time and a half. But the NRF, for example, said that more than half of salaried retail and restaurant employees who earn less than the threshold will probably have their base wages cut. As a result, even after receiving overtime pay, their overall income won't change. And an additional one-third will probably have their hours cut to below 40 hours a week, the retail federation estimates.

Administration officials disagree that pay cuts will be so widespread.

"These are their most valuable employees," Perez said Tuesday. "They go to the bank and deposit the money. ... It's irrational to lower the salary of your most trusted employees."

Gene Martin, a 26-year-old manager at a suburban New Orleans Burger King, said she would appreciate the opportunity to earn more for working longer hours.

"Right now, I'm doing a triple shift," Martin said. "I would actually feel the worth of it."

Q: Will this help reduce my time at work?

A: It could, if your employer cuts your hours rather than paying overtime. But if you're a doctor, lawyer, software engineer or other highly paid professional, the new rule won't affect you. Doctors and teachers are specifically excluded from earning overtime, and most other professionals make more than the threshold. The rules assume highly paid

workers have the ability to bargain for either larger salaries or more time off.

Q: Does this mean I will have to punch a time clock and get paid hourly?

A: If you are below the threshold, business groups said that could happen. Companies will convert you to hourly status and closely track your hours to avoid paying overtime.

"For most employees, that's viewed as a demotion," said David French, a senior vice president at the National Retail Federation.

Hourly workers typically receive fewer benefits and are unlikely to have paid vacation. They also aren't paid if they leave early to attend a parent-teacher conference or other family event.

But supporters of the overtime rule respond that it doesn't force companies to do any of this. Employees who are eligible for overtime can still be paid a salary and given flexibility over their work time.

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