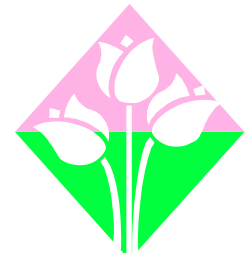




Happy Spring!

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“Tip of the Month”

Labor Law: Changes in Overtime Rules

The US Department Of Labor expects to issue new rules by March 31 that will substantially redefine which workers may be entitled to overtime pay under the Fair Labor Standards Act (FLSA). Nearly all employers will be affected and will need to be prepared to comply with the new rules within the next 60 to 90 days.

The new rules establish a new minimum salary of \$22,100 (\$425 per week) as a baseline for exempting a worker from overtime pay eligibility. The new rules also redefine exempt workers under the Executive, Administrative, Professional, and Outside Salesperson exemptions. A new exemption is added for “highly compensated employees” who make at least \$65,000 per year and who perform some exempt worker functions.

Executive Employees are exempt from overtime pay requirements if they make the minimum salary note above, their primary duty is to manage the enterprise or a department or subdivision, they regularly direct the work of two or more other employees, and they have the authority to hire or fire other employees.

Administrative Employees are also exempt if they make the minimum salary and have the primary duty of performing office or non-manual work directly related to the management or general business operations of the employer or its customers. This employee must also hold a “position of responsibility” with the employer, meaning either (1) performing work of substantial importance, or (2) performing work requiring a high level of skill or training.

Learned Professional Employees are exempt if they make the minimum salary and have the primary duty of performing office or non-manual work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction, which can include on-the-job training.

Outside Sales Employees are exempt regardless of their pay if they have the primary duty of making sales, or of obtaining orders or contracts for services or for the use of facilities for which money will be paid by the client or customer. The outside salesperson must be regularly engaged away from the employer’s places of business.

Highly Compensated Employees have a special rule for exemption from overtime pay if they make \$65,000 per year or more, they perform non-manual work, and they have an identifiable executive, administrative or professional function as noted above.

If you have any questions about the new overtime rules, or about employment or labor law, please do not hesitate to give us a call at 668-1971 or contact us through the Internet at *Meslaw @ aol.com*.

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