



What is meant by the terms “exempt”, “non-exempt”, “salaried”, and “hourly”?

Exempt: An individual who is exempt from the overtime provision of the Fair Labor Standards Act (FLSA) because they are classified as an executive, professional or administrative employee and meet the specific criteria for exemption. Exempt employees must be paid on a salary basis with the exception of certain highly paid computer professionals.

Non-exempt: An individual who is not exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) and is therefore covered by the provisions of the FLSA. Such an individual is therefore entitled to receive overtime for all hours worked beyond 40 in a workweek (as well as any state overtime provisions). Non-exempt employees may be paid on a salaried or hourly basis.

Salaried: An individual who receives the same salary from week to week regardless of how many hours they work is “salaried”. Exempt employees must be paid on a salary basis, as discussed above. Non-exempt employees may be voluntarily paid on a salary basis and typically would not have their pay docked if they work less than the agreed upon hours, with the exception of time allocated to paid leave the company provides. Salaried non-exempt employees must still receive overtime in accordance with federal and state laws.

Hourly: An individual who receives an hourly wage for work performed. Such individuals, because of the method of payment, are classified as non-exempt and are subject to the overtime provisions of the FLSA. The only exception is for highly paid computer professionals who meet the specific criteria for that exemption.