



Proposed Legislation: Overtime Eligibility

Preparing for the Retirement Wave: Succession Planning

On March 7, 2019 the Department of Labor announced a proposed rule that would make more than a million more American workers eligible for overtime.

Under currently enforced law, employees with a salary below \$455 per week (\$23,660 annually) must be paid overtime if they work more than 40 hours per week. Workers making at least this salary level may be eligible for overtime based on their job duties. This salary level was set in 2004.

This proposal would boost the proposed standard salary level to \$679 per week (equivalent to \$35,308 per year). Above this salary level, eligibility for overtime varies based on job duties.

Stay tuned for more updates - On May 13, 2019 the Department announced that the comment period originally set to end on May 28, 2019 has been extended until June 12, 2019. Only comments received during the comment period will be considered part of the rulemaking record.

Baby boomers, those born between 1946 and 1964, are heading into retirement in droves (about 10,000 a day, in fact). According to the Pew Research Center, the Boomers who will turn 65 between 2011 and 2030 comprise 26 percent of the U.S. population. This demographic shift will reshape the American workforce.

These are individuals who have been in the job market for 30-40 years, and many have ascended through the ranks to top management. They hold positions of responsibility as CEOs, CFOs, and COOs. Because many of these workers who are soon to retire are in managerial positions, it is all the more essential that companies have succession plans in place to fill these vital executive roles. Business continuity is critical to a company's success and the protection of institutional knowledge about a company.

Experts advise you to take the following steps as you prepare your succession planning:

- 1) **Start Planning Early** – What if 10 of your senior executives retire in the next two years? How will your business handle that? Getting a plan in place now will save your executives from going into crisis-mode when a wave of retirements occurs.
- 2) **Talk to Those Approaching 65 about their Plans** -In fact, the Society for Human Resource Management advises companies to conduct “retirement coaching,” which ideally means more than providing a to-do list to employees announcing their retirement. Retirement coaching helps give both prospective retirees and future generations of the workforce a clearer view of their future with the organization.
- 3) **Promote from Within** – Start promoting those smart and ambitious mid-level executives into senior management and give them the exposure across the company they need to make executive-level decisions. If you

identify and promote individuals with high potential, you will not only send a message within your company that you value good contributors, but that your workplace is one where advancement and progress are possible.

- 4) **Make Sure Vital Information is Shared** – You don't want an executive to retire to an island in the Caribbean and take with him vital sales contacts or other trade secrets he has developed within his career. Make sure that HR is working on a plan for knowledge transfer for individuals nearing retirement, and if you assign each of these executives a second-in-command, you can assure the transfer of information stays within your company.
- 5) **Creative Leadership Training** – Use the wisdom of your retiring senior executives to train the up-and-coming leaders of tomorrow. Schedule retreats at an attractive venue in the mountains or by the sea, and let your executives approaching retirement age share the essence of their roles and responsibilities with the generation that will follow them. You can make this a pleasant, relaxing weekend retreat, and find that both the retiring seniors and the young leaders will appreciate exchanging knowledge in a setting outside of the office.
- 6) **Attract Millennials** – Millennials, the generation born between the early 1980s and late 1990s, are defining the next generation of workers. A study about Millennial Careers from Right Management found that Millennials are motivated by stimulation, recognition, flexible work arrangements, and a defined culture. The more meaningfully your company addresses these needs and objectives, the more successful you will be in retaining tomorrow's workforce.

The coming retirement of the baby boomers in your company is a reality; you can't avoid it. However, your firm can take steps today to plan for this reality and to identify and train future leaders while respecting the information that their predecessors acquired and are now willing to share.

How to Reset your Password in DNet

DNet > Log in Screen > Forgot Password?

When you click the DNet link to log into your web portal, you should see a screen similar to the one below:



If you have forgotten your password, click on “Forgot Password?” On the log in page (under the green Login button - see screen shot above for reference).

After you click “Forgot Password?” you will see a new screen (see example below). On this screen, enter your username and email address. Then click the green colored “verify” button.

Note: The parameters for a valid password are:

- Cannot match the username
- Must be between 8-15 characters in length
- Must contain 1 uppercase letter
- Must contain 1 Lowercase letter
- Must contain 1 Numeric character

Compliance Alert!

IRS Announces 2020 HDHP and HSA Limits



On May 28, 2019, the IRS released the following 2020 limits for High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs):

- 2020 HSA Contribution Limits:
 - Self-Only: \$3,550
 - Family: \$7,100
- 2020 HDHP Minimum Deductible:
 - Self-Only: \$1,400
 - Family: \$2,800
- 2020 HDHP Maximum Out-of-Pocket Expenses:
 - Self-Only: \$6,900
 - Family: \$13,800

These rates will be effective for the 2020 calendar year starting 01/01/2020.



Did you know?

Only hours actually worked count toward **overtime** when determining if

employees are owed time and a half for hours over 40 in a workweek.

For instance, if Monday was a paid holiday observed by the company—meaning no one worked and everyone got paid—a non-exempt employee could still work a full 40 hours in that workweek without being in overtime territory (barring any daily overtime that might be applicable).

In the case of a paid 8-hour holiday and 40 hours of work, the employee would receive 48 hours of straight time; the breakdown of holiday pay and regular pay should be reflected on their paystub to avoid confusion and fend off future wage claims. The same applies to vacation time, sick time, and other non-working leaves—the overtime premium only applies if more than 40 hours of real work are done.

How to Boost Employee Happiness with a Thoughtful Workplace Design



Happier employees also tend to be more engaged, boosting productivity and retention. Whether you're on the market for a new office space, or thinking about upgrades to your existing space, investing in thoughtful workplace design is a win-win proposition.

1. Allow employees to make their workspace their own

- Set your employees up to do their best work by customizing their personal workspace to them. Consider things like equipment preferences, desk set-up and chairs and footrests. While some employers can offer unlimited workspace customization options to employees, others may need to offer a set budget per employee to better control costs.

2. Create different spaces for different purposes

- Open office spaces are great for collaboration and creativity but can be bad for productivity. Try creating different spaces for different purposes to get the best of both worlds. Separate lounge, outdoor, and communal dining areas can provide employees with a change of scenery when they need to take a break and recharge, boost creativity, or get some heads-down quiet time.

3. Incorporate some Feng Shui principles

- Feng Shui is the Chinese philosophy for using energy forces to harmonize individuals with their surrounding environment. Applying Feng Shui can help create a vibrant and prosperous energy in your workspace.

4. Get the lighting right

- Daylight helps people regulate circadian rhythms, so they don't experience unnecessary stress. A thoughtful workplace design maximizes natural light for this purpose, while strategically incorporating artificial light.

5. Align your workplace to your company culture

- A great workplace design will be different for every organization, as it should reflect your company culture.

1. News Stream. Retrieved from <https://centricity.myhrsupportcenter.com>

2. Nguyen, P. (2019, April) How to Boost Employee Happiness with a Thoughtful Workplace Design. Retrieved from <https://melttagroup.com/blog/thoughtful-workplace-design/>

Training of the Month

We offer a wide variety of web training courses through our training portal, ThinkHR. Courses vary in length and cover an array of topics including workplace safety, diversity, and harassment prevention. The full course catalog is available upon request. All courses are offered at a rate of \$10 per participant. Below is one of our available courses. Please reach out to your Centricity team for more information on this or any courses that interest you.

A Manager's Guide to Diversity, Inclusion, and Accommodation



Leading and managing employees in an increasingly diverse workplace can be both rewarding and challenging. This course provides an overview of the Americans with Disabilities Act (as amended), the Family and Medical Leave Act, and other legislation that affects employers' responsibilities in these areas. The course will help managers identify the situations where these laws come into play so that they can respond appropriately to specific requests.



Q&A Corner

Are cost-of-living raises mandatory?

Some state minimum wage adjustments are tied to the consumer price index, but otherwise, cost-of-living raises are not required by state or federal law. You just need to make sure you're paying any applicable state and municipal minimum wages. That said, if the cost of living has increased in your area, you might want to raise wages (if you can afford it) to stay competitive in the market.



Can an employee returning from FMLA leave be placed in a different role?

Generally, no. Upon return from FMLA leave, employees must be restored to the same job or one nearly identical to it with equivalent pay, benefits, and other employment terms and conditions. To be truly equivalent, the job must involve the same or substantially similar duties and responsibilities and require substantially equivalent skill, effort, responsibility, and authority. Equivalent jobs would also have the same premium pay options and overtime opportunities. So, unless you can guarantee that the different role is equivalent to the old one in all these ways, we wouldn't recommend placing the employee in a different role.

There is, however, a notable exception. Employees on FMLA are not protected from employment actions that would have affected them had they been actively employed with the company at the time. For example, if a substantial decrease in sales required a company to eliminate a set of roles and lay off or transfer those employees, the person on FMLA has no greater right to keep their job than anyone else. In situations like these, where a position has been eliminated while an employee is on a protected leave (of any kind), you should be sure to document your legitimate business reasons for the decision.

What happens if someone is misclassified as an independent contractor?

There are many potential liabilities resulting from misclassification and they come from several sources: namely, the IRS, unemployment insurance, workers' compensation, federal wage and hour law, and state wage and hour law.

An employer will owe up to three years of back taxes on the misclassified employee's wages, in addition to fines and interest. They will also owe back unemployment and workers' compensation insurance. And they may also owe premiums on other state-run insurance programs, such as paid family leave.

In addition to money owed to government entities, employers will also owe misclassified workers two to three years of back pay for any work they did that was not compensated at applicable minimum wage and overtime rates, as well as liquidated (extra) damages equal to that amount. Finally, in states that have their own minimum wage, overtime, or employee classification laws, the employee will likely be able to sue and recover under both state and federal law. There may also be hefty attorney fees on top of the costs described above.

It doesn't matter much if an employer misclassified someone by accident. Under certain laws, willfulness will increase the potential damages from two years of back pay to three, and lead to higher statutory penalties. But most of the laws at play in misclassification and wage and hour cases are strict liability statutes, meaning it makes no difference that the employer didn't mean to do it incorrectly.



Do we need to pay employees for voluntary, fun events where no work is performed?

You are not required to pay non-exempt employees (those paid by the hour and entitled to overtime) for time spent at company functions when attendance is completely voluntary, no work is performed, the event occurs outside of regular working hours, and the event is not job-related. If these conditions are met, no pay is needed for non-exempt employees.

Exempt employees (those not entitled to overtime) do not need to be paid extra for time spent attending a company function. They should be paid their usual salary whether or not they attend the voluntary function.



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