

In the Payroll Mailbag: July '18

Must double time payments be included for OT purposes?

Question: Our company pays double time for holiday pay to our security officers. When calculating their regular rate for overtime, must the double-time pay be included?

Answer: No. The double-time pay is premium pay, which isn't included in employees' regular rate calculations because it's already more than time and a half. In addition, no overtime needs to be paid on top of that.

How do signing bonuses figure into the OT rate?

Question: Nonexempt employees are eligible for signing bonuses paid out as follows: \$200 after the first three months, \$300 after six months and \$500 after 12 months. How are their regular rates of pay calculated for overtime purposes?

For example, for the first bonus payment, is overtime pay recalculated back to the date of hire? For the second and third payments, would we need to recalculate back to the date of hire or back to the previous bonus payment?

Answer: The payments can be spread out, but if employees work overtime during that first three-month period, you have to go back and recalculate their regular rates. For payments in subsequent quarters, you don't need to go back to the date of hire, but the same rule applies: If employees work overtime during that period, you must go back and recalculate their regular rates.

There is, however, an easier way to do this. You can base employees' signing bonuses on a percentage of their total straight time *and* overtime pay. If you do it this way, no recalculation of their regular rates is necessary.

Rounding employees' hours: What's OK and what's not?

Question: The company will soon be moving from paper time cards to an electronic time and attendance system that will allow employees' early and late punches to be adjusted. Are there special rules about rounding that must be followed? Can early punch-ins be rounded up and late punch-outs be rounded down?

Answer: Rounding employees' punches isn't a problem, provided your system eventually reflects all of employees' working hours. But you must round consistently. You can't, for example, always round down to the company's advantage.