

# Overtime Pay



**Business Essentials**

Mrs. Dowd

# What is Overtime Pay?

- Overtime is the additional amounts paid to hourly employees who work more than 40 hours in a workweek.
- Federal law requires that hourly employees who work more than 40 hours in a workweek must be paid at a higher rate for the overtime hours, at a minimum of 1 1/2 times the employee's regular pay rate.
- Some employers pay "double time" for weekends and holidays.
- Overtime pay is not required for night, holiday, or weekend work; these rates are determined by the employer or by union contracts.

# Calculating Overtime Pay

- An employee's rate is \$15.00 per hour of work. If the employee works 40 hours his/her pay would be:

$$40 \text{ hours} * \$15.00/\text{hr} = \$600.00$$

- If the employee works 4 overtime hours at 1-1/2 times his/her regular pay rate; the additional pay would be:

- $4 \text{ hours} * (\$15.00 * 1.5) = \$90.00$

- His/Her pay, including the overtime hours is calculated at:

$$\$600.00 + \$90.00 = \underline{\$690.00}$$

$$(40 * \$15.00) + (4 * (\$15.00 * 1.5)) = \$690.00$$



# What is Double-time Pay?

- Double time is a rate of pay double the usual amount a person receives for normal hours worked.
- Double time is sometimes paid for working on federal holidays or when hours work exceeding the normal workday.
- There are no federal laws that require an employer to pay double-time for overtime worked. The Fair Labor Standards Act (FLSA) has no requirement for double-time pay.
- Some companies offer double-time pay for holidays and weekends as an incentive to keep their employees.

# Calculating Double-time Pay

- An employee's rate is \$15.00 per hour of work. If the employee works 40 hours his/her pay would be:

$$40 \text{ hours} * \$15.00/\text{hr} = \$600.00$$

- If the employee works 4 overtime hours at double his/her regular pay rate; the additional pay would be:

- $4 \text{ hours} * (\$15.00 * 2.0) = \$120.00$

- His/Her pay, including the overtime hours is calculated at:

$$\$600.00 + \$120.00 = \underline{\$720.00}$$

$$(40 * \$15.00) + (4 * \$15.00 * 2.0) = \$720.00$$

