

# Employee Compensation Compliance In 2024

PALMER KAZANJIAN WOHL HODSON LLP



# Palmer Kazanjian

Palmer Kazanjian Wohl Hodson LLP **Attorneys**

Founded in 2000 by Floyd Palmer & Larry M. Kazanjian.

Clients range from small businesses to Fortune 500 companies.

Committed to meeting the expectations of every client by developing trust and tailoring offerings to each client's needs.



# Palmer Kazanjian

Palmer Kazanjian Wohl Hodson LLP **Attorneys**

## Larry M. Kazanjian, Esq.

Founding Partner of Palmer Kazanjian Wohl Hodson.

25+ years' experience advising executive management, in-house corporate legal counsel, labor relations administrators, and human resource professionals

Member of the Labor and Employment Law Sections of the State and County Bar Associations

University of the Pacific, McGeorge School of Law



# Agenda

- Compensation Overview
- Wage and Hour
  - Minimum Wage Requirements
  - Overtime
  - Meal and Rest Periods
  - Reporting Time Pay
  - Bonuses
  - Accurate Wage Statements
  - Recordkeeping
- Other Benefits
  - Paid Sick Leave
  - Paid Time Off/Vacation Policies

# Compensation Overview

- Compensation includes an employee's hourly rate, or salary.
- However, Compensation also includes:
  - Bonuses
  - Sick Leave
  - Paid Time Off or Vacation
  - Other Benefits



# Wage and Hour

# Minimum Wage Requirements

- Compensation must meet the minimum wage requirements.
  - 2024 CA min. salary for exempt employees, \$66,560/year
  - 2024 CA min. wage is \$16 – this may differ based on city or county ordinance, or industry

# Overtime

- Any work in excess of 8 hours in one workday (or in excess of 40 hours in any one workweek) must be compensated at the rate of at least 1.5 times the regular rate of pay for an employee.
- Any work in excess of 12 hours in one workday must be compensated at the rate of at least 2 times the regular rate of pay for an employee.
- The first 8 hours worked on the seventh day of work in any one workweek should be compensated at the rate of at least 1.5 times the regular rate of pay for an employee.
- Any work in excess of 8 hours on the seventh day of work in any one workweek must be compensated at the rate of at least 2 times the regular rate of pay of an employee.





# Overtime Considerations

- Regular rate of pay calculations
  - Includes piecework earnings and commissions
  - Non-discretionary bonuses are also included in calculating regular rate of pay
- Alternative Workweek Schedules may impact overtime.
- Salary non-exempt employees may still earn overtime.
- Employers should ensure employees are accurately recording their time for all hours worked.

# Meal and Rest Periods

- Meal periods – Non-exempt employees working longer than 5 hours must have meal break before end of 5<sup>th</sup> hour. Must be free of work duties.
- Rest periods – Non-exempt employees entitled to a paid 10-minute rest break for each 4 hours of works (or major fraction thereof).
- Meal Period Waivers.
- On-duty Meal Periods.
  - Based on objective criteria, employees would be prevented from being relieved of all duty based on necessary job duties.
- Code-compliant meal periods should be recorded.
- Meal and Rest Period Premiums.
  - If an employer fails to provide a code-compliant meal or rest period, an employee may be entitled to an additional hour of pay for each workday a meal or rest period was not provided.
  - Are considered wages.

# Reporting Time Pay

- Reporting Time Pay constitutes wages.
- Reporting Time Pay is meant to compensate employees who are scheduled to report to work but who are given less than half of their scheduled day's work.
- Employee may be entitled to half the usual/scheduled day's work, but no less than two hours or more than four hours.
- Employee is paid at his or her regular rate.

# Non-Discretionary and Discretionary Bonuses

- Non-Discretionary
  - Based on objective criteria and eligibility requirements.
  - Includes productivity and performance bonuses.
  - Employers cannot unilaterally alter the amount or timing of the payment from what has been agreed upon.
- Discretionary Bonus
  - Bonuses which are completely discretionary, based on no objective criteria and are not routine.

# Accurate Wage Statements

- Accurate Itemized Wage Statements Require:
  - Gross wages earned;
  - Total hours worked by the employee;
  - The number of piece rate units earned and any applicable piece rate if the employee is paid on a piece rate basis;
  - All deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item;
  - Net wages earned;
  - The inclusive dates of the period for which the employee is paid;
  - The name of the employee and only the last four digits of their social security number or an employee identification number other than a social security number;
  - The name and address of the legal entity that is the employer; and
  - All applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee
- Employers who do not provide accurate itemized wage statements may be subject to penalties.

# Recordkeeping

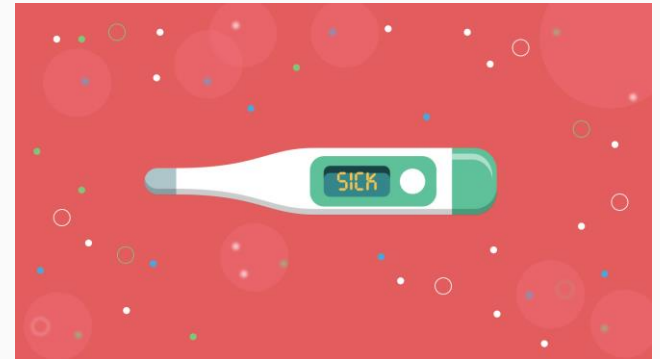
- Employers who receive an employee request for compensation records must comply with the request within 21 days of the request
- Both current and former employees are allowed to request compensation records
- Compensation records must be kept for at least 3 years



# Additional Benefits

# Paid Sick Leave

- Employees must work at least 30 days for the employer within a year to be eligible for sick leave, employees are eligible to use sick leave after their 90<sup>th</sup> day of employment
- Paid sick leave applies to full-time, part-time, and per diem employees
- Employees must receive a minimum of 5 days or 40 hours of paid sick leave per 12-month period
- Employers may provide sick leave on an upfront basis, or through an accrual method





# Paid Sick Leave

- If employers provide sick leave on an accrual basis, then accrual rate must be no less than 1 hour per 30 hours worked.
  - Employers may use a different accrual method so long as employees are able to accrue 3 days or 24 hours by the 120<sup>th</sup> calendar day of employment, and 5 days or 40 hours by the 200<sup>th</sup> day of employment
- If sick leave is accrued, employees are allowed to carry over unused sick leave up to 5 days or 40 hours
- If employers provide sick leave on an accrual basis, there is no obligation to allow for the accrued sick leave to exceed 10 days or 80 hours

# Paid Time Off and Vacation Policies

- CA employers do not have an obligation to provide PTO/vacation
- Earned vacation is considered wages, and must be paid out at termination.
- CA does not allow “use it or lose it” vacation policies.
- PTO policies may be combined with paid sick leave, as long as the PTO policy meets the minimum sick leave requirements
- PTO and Vacation Policies should be clearly communicated to employees through a written policy

# Unlimited Paid Time Off

- Unlimited Paid Time Off is not considered vested wages and thus would not have to be paid at termination of employment
- Unlimited PTO policies should state the rights and obligations of both the employee and employer
- Unlimited PTO policies should be administered through standardized processes

# Insurance Benefits

- Health Insurance
  - Certain employers may be required to provide health insurance benefits under federal law
- Retirement Plans
  - Employers may participate in CalSavers or offer equivalent programs
- Life Insurance
- Vision and Dental insurance
- Although employers may not have any obligation to provide these benefits, providing these benefits may attract and retain employees





Q & A

# Thank you for joining us!

We'll see you next time.  
Have a great day!

**Palmer Kazanjian**  
Palmer Kazanjian Wohl Hodson LLP **Attorneys**

**Ways to stay connected:**

Newsletter -

[www.pkwhlaw.com/subscribe](http://www.pkwhlaw.com/subscribe)

LinkedIn -

**Palmer Kazanjian Wohl Hodson LLP**

[www.linkedin.com/company/palmer-kazanjian-wohl-hodson-llp/](http://www.linkedin.com/company/palmer-kazanjian-wohl-hodson-llp/)