

# **EMPLOYMENT LAW BRIEFING**

## **HOLIDAY 2013**

**Special Holiday Issue:** This special issue of **EMPLOYMENT LAW BRIEFING** addresses workplace questions which typically arise at this time of year. Please let us know if you have a topic you would like to see addressed in this publication. We welcome your suggestions. All of us at Whitford Law Offices appreciate your support over the last year and extend our best wishes for the holiday season.

**Overtime Adjustments for Bonus Payments:** Many organizations have adopted a tradition of bonus payments during the holiday season. Bonuses are an effective way to reward a job well done and to encourage future efforts. Problems may arise, however, when a current or former employee does not receive a bonus, when one is expected. Additionally, if a bonus is considered "non-discretionary" under wage and hour regulations, any overtime payments during the period covered by the bonus must be recalculated to reflect the addition of the bonus amount to the regular rate of pay. To avoid unexpected liability, adopt a clear written policy describing the purpose of the bonus program, the period covered, the process for determining the fund from which bonuses are paid, eligibility requirements for participation and the date of bonus distribution.

**Exempt Employee Pay & Holiday Closures:** In order to be exempt from overtime, employees must have both qualifying duties *and* be paid on a "bona fide salary basis." An exempt employee, who works any part of the work day, must be paid for the entire day. Similarly, if an exempt employee works only part of a designated workweek, due to an employer action, such as a shutdown between year-end holidays, the employee must be paid a full week's salary. Employers with a 12:01 a.m. Sunday to midnight Saturday workweek, closing between Christmas and New Year's Day this season, for example, will need to compensate exempt employees for the final full week of December, unless no work is performed on December 22, 23 or 24 and for the following week the first week of 2014 - unless no work is performed on December 29, 30 or 31.

**Minimum Wage Increases:** On January 1, 2014, the inflation-indexed minimum wage rates for both Washington and Oregon will increase. Washington's rate, which will remain the highest in the nation, will go up by 13 cents to **\$9.32** per hour. The minimum hourly wage for Oregon will increase by 15 cents, to **\$9.10**. Effective July 1, 2014, the California minimum wage will be raised to **\$9.00**, an increase of \$1.00 per hour. The federal minimum of \$7.25 per hour, set in July of 2009, is not scheduled to change.

**IRS Mileage Rate:** The Internal Revenue Service has announced a change in the standard mileage rate used to calculate the deductible costs of operating an automobile for business purposes. Many employers use this rate to reimburse employees for work-related travel in personal vehicles. The current rate, will be reduced by one-half of a cent, to **56 cents per mile**, as of January 1, 2014.

Please contact our office if you have questions about the material in this newsletter, or other employment law compliance concerns.

If you prefer to receive future copies of **Employment Law Briefing** by FAX or e-mail, or if you have additions to, or deletions from our contact list, please let us know. Thank you.

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