



# Know the Rules and Regs on Overtime

*Understanding When You're Entitled to Extra Pay for Extra Work*

## Working Overtime? Know What You're Owed

You've put in a long week at work. Perhaps you've stayed late to finish a project, covered a shift for a coworker, or worked through the weekend to meet a deadline. When payday arrives, you expect a little extra compensation for those additional hours. But are you legally entitled to overtime pay?

The answer depends on several factors, including the number of hours you've worked, your job responsibilities, and whether you're classified as exempt or nonexempt under federal employment law. Contrary to popular belief, receiving a salary does not automatically mean you are ineligible for overtime.

The rules can seem complicated, but understanding a few basic principles will help you determine whether you're being paid fairly.

## The 40-Hour Rule

The foundation of federal overtime law is the Fair Labor Standards Act (FLSA), which establishes minimum wage and overtime protections for covered employees. Under federal law, most covered employees who are not exempt must receive at least one and one-half times their regular hourly rate for hours worked beyond 40 in a single workweek.

Suppose you earn \$20 an hour and work 45 hours in one week. Your regular pay for the first 40 hours would be \$800. The additional five hours would be paid at \$30 an hour, giving you another \$150. Your total weekly earnings would be \$950 before taxes and deductions.

**The important point:** Overtime is ordinarily calculated by the workweek, not by the pay period. An employer generally cannot average a 50-hour week with a 30-hour week to avoid paying overtime.

Federal law does not ordinarily require extra pay simply because you work on a Saturday, Sunday, or holiday. However, state laws, union agreements, and employer policies may provide additional compensation.

## Salaried Employees May Also Qualify

One of the most common misunderstandings about overtime is that salaried employees are automatically exempt. In fact, federal law generally requires employers to consider both an employee's compensation and the actual duties performed.

Certain executive, administrative, and professional employees may qualify for exemptions if they meet applicable salary and job-duty requirements. But a job title alone does not determine eligibility. Calling someone an assistant manager, supervisor, or administrator does not automatically eliminate overtime protections.

Consider an assistant restaurant manager who earns a fixed weekly salary but spends most of the workday preparing food, serving customers, and performing the same duties as hourly employees. Depending on the employee's actual responsibilities and compensation, that person may still qualify for overtime pay.

The distinction is important because employers cannot simply assign impressive titles to employees to avoid paying them for additional hours.

## How Much Must a Salaried Employee Earn to Be Exempt?

Federal overtime salary thresholds have changed several times over the years, sometimes becoming the subject of legal challenges. In 2024, the Department of Labor adopted a rule that would have increased the salary requirements for certain overtime exemptions. A federal court subsequently vacated that rule.

As of October 2026, the Department of Labor applies a standard federal salary threshold of **\$684 per week, equivalent to \$35,568 annually**, for most executive, administrative, and professional exemptions. Meeting that salary requirement alone does not establish an exemption; the employee must also satisfy the applicable duties test.

Some occupations have different exemption rules, and state laws may establish higher salary thresholds or provide broader overtime protections. Employees should therefore check the requirements applicable to their particular jobs and locations.

## **What Counts as Hours Worked?**

Overtime disputes frequently arise because employers and employees disagree about what constitutes working time. Generally, if an employer requires or permits a nonexempt employee to perform work, that time must be counted, even when the work was not formally scheduled.

Examples may include preparing equipment before a shift, completing required paperwork afterward, answering work-related messages outside normal hours, or performing duties during an unpaid meal period. Whether a particular activity counts as compensable work depends on the circumstances and applicable law.

Employers may establish policies requiring advance approval for overtime. However, under federal law, an employer generally must pay for compensable overtime actually worked, even when the employee violated a policy by working without authorization. The employer may address the policy violation separately, but cannot simply refuse to pay wages that are legally owed.

## **Can Your Employer Give You Time Off Instead?**

Some employers offer compensatory time, commonly called "comp time," instead of overtime pay. For most nonexempt employees in private-sector jobs, federal law does not allow an employer to substitute future time off for overtime compensation that is legally required.

Certain public-sector employees may receive compensatory time under specific federal rules. Other arrangements, including flexible scheduling within the same workweek, may also be permissible when properly administered.

If your employer offers time off rather than overtime wages, ask how the arrangement complies with applicable wage-and-hour requirements. An informal agreement between an employee and employer cannot waive overtime protections established by federal law.

## **What About Bonuses and Commissions?**

Overtime calculations are not always as simple as multiplying an hourly wage by one and one-half. Some bonuses, commissions, and other forms of compensation must be included when determining an employee's regular rate of pay.

For example, a production bonus tied to measurable performance may increase the regular rate used to calculate overtime. Certain discretionary bonuses and other payments may be excluded under federal rules.

Employees who receive commissions, incentive payments, or a combination of salary and hourly compensation should review how their overtime rate is calculated. The rules can be technical, and special exemptions may apply to certain occupations.

## What If You're Not Receiving Overtime Pay?

If you believe your employer has failed to pay overtime properly, begin by reviewing your pay statements, work schedules, and records of hours worked. Keep a personal record of your working time, including any duties performed before or after scheduled shifts.

You may wish to discuss the discrepancy with your supervisor or payroll department. Sometimes the problem results from an administrative error or an incorrect understanding of the applicable rules. If the issue remains unresolved, you can contact the Wage and Hour Division of the U.S. Department of Labor or the appropriate state labor agency.

Federal law prohibits employers from retaliating against employees for exercising protected rights under the FLSA, including filing a wage complaint. However, deadlines apply to claims for unpaid wages, so employees should not delay seeking information about their rights.

## Your Time Has Value

Overtime regulations exist to ensure that covered employees receive additional compensation when their working hours exceed established limits. Although the law recognizes exemptions for certain occupations and responsibilities, those exemptions are governed by specific requirements rather than an employer's preferences.

Whether you work in hospitality, retail, manufacturing, healthcare, an office, or another occupation, understanding the distinction between exempt and nonexempt employment can help you recognize when overtime pay is required.

**The bottom line is simple: Working extra hours may entitle you to extra pay. Knowing the rules is the first step toward making sure you receive it.**

*Editor's Note: This article provides general information about federal overtime requirements as of October 2026. State and local laws may provide additional protections. For current information, consult the U.S. Department of Labor or your state labor agency.*