



LABOR AND EMPLOYMENT LAW

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Q : I gave a \$100 gift card my secretary as a prize for her great work. She makes \$12.00 an hour and worked ten hours of overtime the week I gave her the prize. Do I have to include the value of the gift card as part of her regular rate of pay when calculating overtime for that week?

A : Yes, according to the regulations that implement and enforce the Fair Labor Standards Act. Prizes are includable in the regular rate of pay as a form of bonus, if paid as remuneration for the quality or efficiency of work done during customary working hours at normal assigned tasks. To determine the regular rate, divide the amount of the prize by the number of hours worked during that work week, and add that amount to the regular hourly rate before calculating overtime. In this situation, add \$2.50 per hour (\$100 divided by the 40 hour workweek) to your secretary's normal hourly rate of \$12.00. For that workweek only, her regular rate of pay is \$14.50 per hour. Total pay would be \$580 regular pay (\$14.50 x 40 hour normal workweek), plus \$217.50 overtime [\$14.50 x 1.5 overtime rate = \$21.75 x 10 hours overtime = \$217.50], for a total pay of \$797.50.