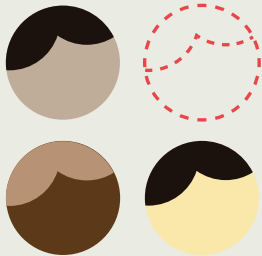


# SharedHR Exempt vs Non-Exempt Classification

## Executive Exemption

The executive exemption usually is applied to managerial employees. However, quite often managers do not meet the executive exemption and must be classified as non-exempt.

- A** A. PRIMARILY ENGAGED (spending at least 50% of time) in management of enterprise or recognized department or subdivision.
- B** B. Customarily/regularly directs the work of two (2) or more full-time employees or the equivalent of such.
- C** C. Authority to hire and fire, or weight must be given to recommendations. Same for advancement or change of status of those he/she supervises.
- D** D. Customarily exercises discretionary powers.
- E** E. Must spend 50% or more of time performing exempt duties as outlined above.
- F** F. Must earn on a salary basis at least twice the current CA state minimum wage.



## Administrative Exemption

The administrative exemption applies to a variety of employees. However, employees whose jobs involve production work do not meet the administrative exemption and must be classified as non-exempt.

- A** A. PRIMARILY ENGAGED (spending at least 50% of time) in office or non-manual work directly related to management policies or general business operations of employer or employer's management policies;

OR

Functions in the administration of a school system, or educational establishment or institution, or of one of its departments or subdivisions; in work directly related to its academic instruction or training.

- B** B. Customarily/regularly exercises discretion and independent judgment.
- C** C. Regularly/directly assists proprietor or other Exempt employees under only general supervision; or performs work requiring special training, experience, knowledge, or special assignments or tasks.



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# SharedHR Exempt vs Non-Exempt Classification

## Professional Exemption

While an employee may be commonly considered a “professional,” there are specific legal requirements that must be met to qualify for the professional exemption.

**A** A. Must be licensed or certified by the State of California and primarily engaged in the practice of Law, Medicine, Accounting, Teaching, Optometry, Architecture, Engineering, or Dentistry

**OR**

Primarily engaged (spending at least 50% of time) in an occupation commonly recognized as a learned or artistic profession. “Learned or artistic” is defined as work requiring advanced knowledge in a field of science or learning acquired by a long course of study, or work that is original and creative in character in a recognized field of artistic endeavor, the result of which depends on the talent of the employee, or work that is an essential part of any of the above work.

**B** B. Whose work is primarily intellectual and varied, as opposed to routine, mental, manual, mechanical, or physical; The work is such that the output or result is varied in character and cannot be standardized in relation to a given period of time.

**C** C. Consistent exercise of discretion and independent judgment.

**D** D. Must earn on a salary basis at least twice the current CA state minimum wage.

## Outside Sales Exemption

The outside sales exemption applies to employees who work outside their employer’s place of business and meet the following requirements.

**A** A. Spends 50% or more of time away from employer’s place of business selling tangible or intangible items, or obtaining orders or contracts for products, services or use of facilities.

**B** B. Is 18 years of age or older.

**C** C. There is no salary requirement for this exemption

## Quick Fact

The Labor Department estimates that up to 30 percent of companies improperly classify employees.



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# SharedHR Exempt vs Non-Exempt Classification

## Computer Exemption

The computer exemption applies to employees who work in the computer field and fulfill the following requirements.

**A** A. PRIMARILY ENGAGED (spending at least 50% of time) in one or more of the following duties:  
The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software, or system functional specifications

OR

The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;

OR

The design, documentation, testing, creation or modification of computer programs related to machine operating systems;

**B** B. Highly skilled and proficient in the theoretical and practical application of highly specialized information to computer systems analysis, programming, and software engineering.

**C** C. Customarily/regularly exercises discretion and independent judgment.

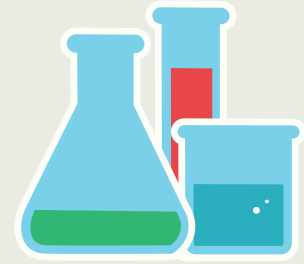
**D** D. Primarily engages in work that is intellectual or creative.

**E** E. Must spend 50% or more of time performing exempt duties as outlined above.

**F** F. Paid at least \$41.27 per hour, effective January 1, 2015

OR

Paid \$7,165.12 at least once monthly and at least \$85,981.40 annually, effective January 1, 2015



## All SharedHR Solutions Include:

- ✓ HR Compliance. Guaranteed.
- ✓ Education Tracking
- ✓ Real-time reporting and analytics
- ✓ Performance Reviews tied to Compensation
- ✓ Integration with Other Complementary Technologies
- ✓ Subscription-based pricing structure. No upgrades to buy.