

IDI Time Bank Solutions:

Prior Period FLSA Overtime Earnings Adjustments



IDI's **Time Bank™ Prior Period Overtime Earnings** solution is designed for companies with overtime eligible employees that pay non-discretionary payment(s) such as bonuses or commissions in the current pay period but need the payment(s) applied against overtime worked in a prior qualifying period. This solution, often called “**Retro**” or “**Look back**” overtime logic, is necessary to help a company stay in compliance with **Fair Labor Standards Act (FLSA)** for these employees. Time Bank can directly access the current and prior pay period transactions from Time & Attendance to automate the overtime earnings adjustments for Monthly, Quarterly, Semi-Annual or Annual payments. Time Bank's processing engine can accommodate the overtime earnings adjustments based on full calendar month even if company pays weekly or biweekly.

Data/System Flow



- Capture employee time worked in pay period
- Enforce overtime rules
- Enter bonus/payments to be applied to prior period

- Calculate current period Average OT Rate
- Extract prior period (e.g. Month) to calculate OT earnings adjustment from bonus/payment
- Export results for import into payroll

- Import time and earnings data
- Process payroll
- Labor reporting

Processing Frequency:

- Once per pay period (end of pay period)

Payroll Admin User Steps

1. Run Time Bank (double click icon)
2. Import Time Bank file into <payroll system>
 - Review results and process payroll

“ IDI's retro average weighted rate solution saves me hours' worth of work of having to do the calculation of looking back -- a 1 month and a 2 month -- for bonuses”

Angela Turner
Payroll Accounting Specialist



Formula for Prior Period/Retro Overtime Earnings

Weekly Additional Earnings = Additional earnings / number of weeks in the retro period

Weekly Overtime Earnings = ((Weekly Additional Earnings/ Weekly Total Hours) x 0.5)

x Weekly Overtime Hours

Example

Weekly Salary Rate = \$1,000.00

Prior Month Data from Time & Attendance Summarized by Week:

Week Begin Date	Week End Date	Regular Hours	Overtime Hours
7/29	8/4	40.00	3.75
8/5	8/11	40.00	0.00
8/12	8/18	38.00	0.00
8/19	8/25	40.00	2.25

Additional earnings paid on 9/1 for work performed in August = \$2,000.00



Time Bank Calculation

Weekly Additional Earnings =

- \$2000.00 / 4 = \$500 per week

Weekly Total Hours =

- Week 1 = 43.75
- Week 2 = 40.00
- Week 3 = 38.00
- Week 4 = 42.25

Weekly Overtime Hours =

- Week 1 = 3.75
- Week 2 = 0.00
- Week 3 = 0.00
- Week 4 = 2.25

Week 1 OT earnings =

$\$500 \text{ (Additional Earnings)} / 43.75 \text{ (worked hours)} \times .5 \times 3.75 \text{ (OT Hours)} = \21.43

Week 2 OT earnings =

No overtime in week 2 – no calculation performed

Week 3 OT earnings =

No overtime in week 2 – no calculation performed

Week 4 OT earnings =

$\$500 \text{ (Additional Earnings)} / 42.25 \text{ (worked hours)} \times .5 \times 2.25 \text{ (OT Hours)} = \13.31

Total Overtime Earnings to map to payroll = \$37.74

Variations:

Map dollars to Time & Attendance timecard instead of payroll. Time & Attendance maps to payroll.

Full dollar amount used with full calendar month hours.

- $\$2000 / 166 \text{ worked hours} \times .5 \times 6 \text{ OT hours} = \36.14



Other Commonly Requested Time Bank Solutions for Prior Period OT Adjustment Clients

Below is a list of IDI solutions outside of the Prior Period FLSA Overtime Earnings Adjustments solution described above. Please contact IDI to learn more about these frequently requested solutions:

- **Salary Allocation:** Allocating exempt employee salary earnings proportionate to projects/jobs/grants/funds worked in the pay period
- **Variable Rate/Fluctuating Overtime:** Calculating the appropriate overtime rate for salary non-exempt employees that earn a descending rate of pay for overtime based on total hours worked in the week or pay period.
- **Straight Time Overtime:** Assigning the proper Overtime earnings code to payroll when an employee has over 40 hours charged in time system due to PTO or other non-worked time. This solution helps pay the employee 1.5x OT when they had “worked” hours over 40 and Straight Time (1.0x) OT when had over 40 hours due to PTO or other non-worked time.
- **Semi-Monthly FLSA:** Calculating the appropriate weekly FLSA average OT rate for companies that pay twice per month (typically 1st – 15th and 16th – end of month) and have overtime eligible employees. This IDI Time Bank solution has the flexibility to retrieve the appropriate full work weeks in the current and previous pay period (“arrears”) to automate the calculation of the average weekly overtime rate for each full work week to send to payroll.

Contact IDI to discuss any of the above solutions or if you have further questions.

Visit our website: idesign.com

Call us: 866-846-3226

Email us: sales@idesign.com