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## THE BULLETIN

### by Pacific Time Systems (PTS)

November 2007 - Volume 11

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We'd like take this opportunity to thank each and every one of you for your support over the past year. We wish you and yours a very safe and happy thanksgiving day! Pacific Time Systems will observe the Thanksgiving Holiday season on Thursday

November 22nd and Friday November 23rd and return to the office on Monday November 26th. Below you'll find instructions for recording the holiday period with the NOVAtime system as well as some general labor law information. We hope you enjoy this months newsletter. Happy Holidays!



#### New Year, New Increases To Payroll Costs



While the new year typically ushers in merit raises for employees, according to the California offices of Fisher & Phillips LLP, payroll is about to increase for employers, too.

Starting January 1, 2008, the California Minimum Wage increases 50 cents, from \$7.50 to \$8.00 per hour, which will also trigger several automatic changes in minimum-compensation requirements.

Everything from overtime rates, to tool-wage rates, to white collar salaried exemptions, to split-shirt premiums, to meal and lodging credits, to collective bargaining opt-out, to the commissioned-salesperson exemption threshold is about to change.

One change effective January 1, 2008, that's not related to the

minimum wage increase impacts highly- skilled computer professionals whose specialized duties qualify them for the computer professional overtime exemption. Those employees must also satisfy a minimum hourly rate to meet the test for the exemption, which applies even if an employee is paid a salary.

All of these payroll changes will create more work for employers, as you will now have to revise and implement compensation plans addressing the changes before the start of the new year. You may need to audit your positions to determine whether reclassification is required, as well as revise current compensation plans or policies based on the minimum wage or the computer professional rate.

The experts at Fisher & Phillips LLP recommend auditing not only compensation plans and employment agreements, but also policies potentially impacted by these issues.

**How will these changes affect you? [Click here to find out.](#)**

### **Deduct Exempt Employees' Sick Time--In Increments**



It probably happens more often than you'd like--an exempt employee is out sick or leaves sick halfway through the day, but they have no paid time off accrued.

While you might be tempted to deduct wages from their salary, legally you can not do so. According to California labor law, employers are never permitted to deduct from the salary of an exempt employee for a partial day of absence. Exempt employees must be paid for any day in which they perform any work.

However, deductions may be made for absences in increments of full working days, so if an employee is out for a partial day, and you offer a sick plan in which the employee has time off available, you may deduct from the sick leave benefit for a partial day of absence, whether the time off is minutes or hours. The use of the paid sick leave plus the time the employee worked should add up to a full day's salary for the exempt employee.

The caveat is that deductions from the exempt employee's vacation or paid time off plan always must be in an increment of four hours or more. So if an exempt employee works four hours or more, you cannot deduct from his/her paid vacation or paid benefits, as the deduction would be for less than the required four hours.

These rules do not apply to non-exempt (hourly or piece-rate) employees, as they are paid for the actual time that they work, and deductions from any accrued benefit may be made in the amount specified in your company's policy.

### **How to Post Holiday Pay**

Posting holiday pay is easy with NOVAtime. Just follow the simple steps below.

1. Login to the NOVAtime Client.
2. From the NOVAtime Navigator, click on Payroll Procedure, and then click on Post Holiday Pay.

3. Change the posting date range to be a few days before and after the holiday date.
4. Click on Process. The system will post Holiday Pay to each timesheet that meets the requirements of the Holiday Rule that's assigned to the employee.
5. The holiday hours will appear on the timesheet. (Note: Holiday hours can be posted from the timesheet as well.)

#### **How to Add Holidays for the New Year**

With NOVAtime, adding holidays to the new year is easy.

First, login to the NOVAtime Client.

Next, in the Navigator screen, click on Holiday Setup from the Annual Procedure Tab.

Then, click on the Properties tab to adjust the dates.

Update the existing date with the correct date for the current year and click on Save. (Note: Please be sure to include all the Holiday Rules that apply to this particular holiday by placing them under the "Applied Holiday Rules" section with the arrows.)

Repeat the process for all the holidays occurring within the upcoming year.

Sincerely,

PTS Support Team  
Pacific Time Systems

email: [info@pactime.com](mailto:info@pactime.com)  
phone: 800-944-0787  
web: <http://www.pactime.com>

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