

# Common Wage and Hour Issues

**Greater Waterbury Chamber of Commerce**

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# Three Key Principles (all with loaded terms!)

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## **Pay non-exempt employees at least minimum wage for all hours worked**

- Federal minimum wage: **\$7.25**
- Connecticut minimum wage: increased from \$16.35 to **\$16.94** in 2026

## **Pay non-exempt employees overtime for hours worked beyond 40 in a workweek**

- 1.5 times the employee's "regular rate"

## **Properly document and pay for all hours worked**

# Three Tests for Determining Exempt Status

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## ALL TESTS MUST BE MET FOR POSITION TO BE EXEMPT



- Job Duties Test
- Salary Basis Test
- Salary Level Test

NOTE: Certain employees (e.g., doctors, teachers and lawyers, are not subject to the salary basis or salary level tests)

# First Test: Jobs Duties

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## “White Collar Exemptions”

- Executive
- Administrative
- Professional
- Sales Positions
- Highly Compensated

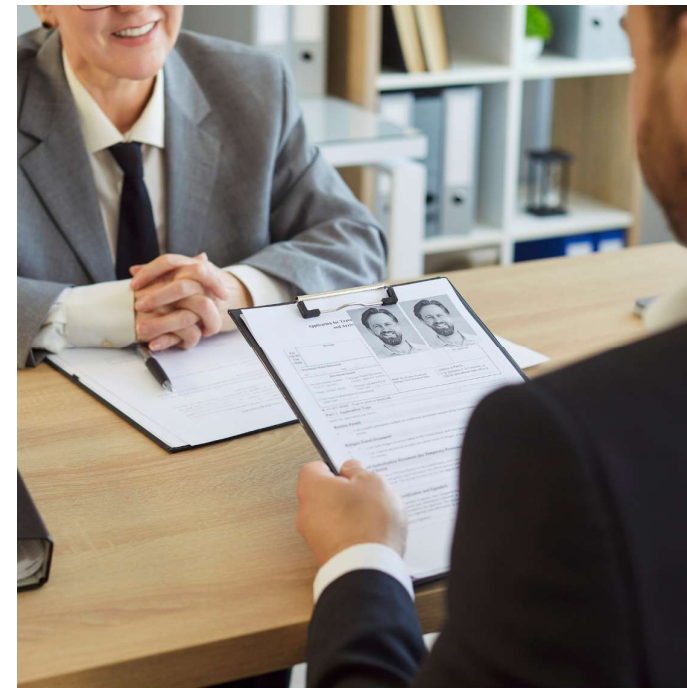
**NOTE: JOB DUTIES NOT JOB TITLES**



# Executive Exemption

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- Primary duty is:
  - managing the enterprise, or
  - a customarily recognized department or subdivision of the enterprise;
- Customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and
- Authority to hire or fire, or the suggestions and recommendations as to the hiring, firing, advancement, promotion or other change of status must be given “particular weight”



# Administrative Exemption

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- Primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and
- Primary duty includes the exercise of discretion and independent judgment with respect to matters of significance



# Professional Exemption

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## Learned Professionals

- Primary duty is performance of work requiring advanced knowledge in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction

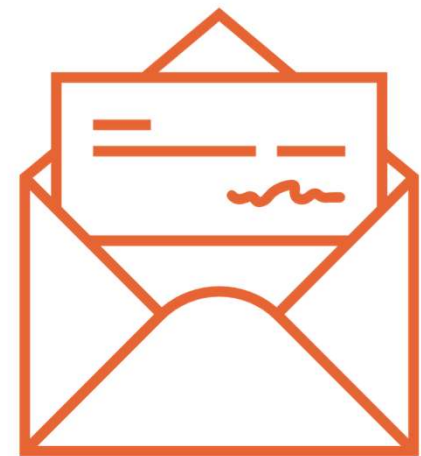
## Creative Professionals

- Primary duty is performance of work requiring invention, imagination, originality or talent in recognized field of artistic or creative endeavor

## Second Test: Salary Basis

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- Guaranteed amount of compensation each pay period
- Cannot be reduced because of variations in the quantity or quality
- Must be paid full salary for any week in which the employee performs any work
  - Seven permissible deductions



## Third Test: Salary Level

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### Current salary level test:

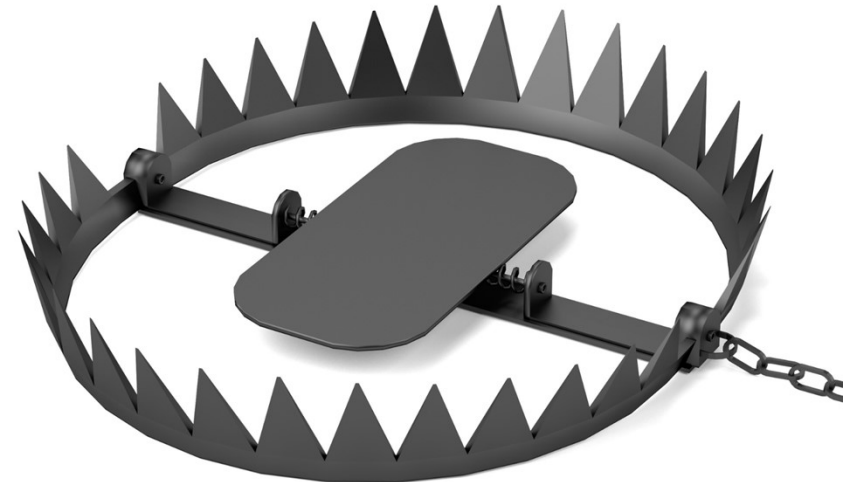
- \$684 per week under federal law  
– i.e., \$35,568 per year
- \$475 per week under CT law  
– i.e., \$24,700 per year



# Common Misclassification Traps

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- Treating employees as exempt simply because:
  - They have agreed to the arrangement
  - They are salaried
  - They are expected to work more than 40 hours per week
  - Their job is important
- Improper pay deductions can void employees' exempt-status

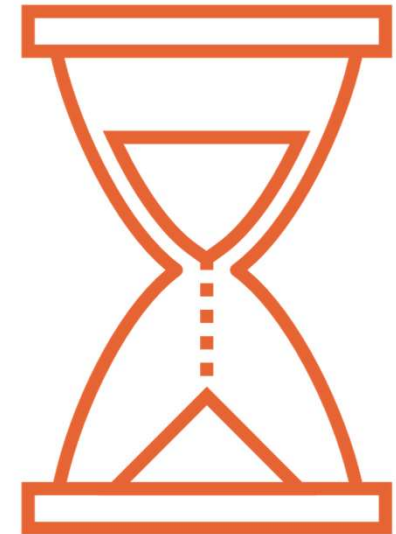


# What Constitutes Hours Worked

## What are “Hours Worked”?

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- Federal law defines “employ” to include “to suffer or permit to work”
- Connecticut law defines “hours worked” to include “all time during which an employee is required by the employer to be on the employer’s premises or to be on duty, or to be at the prescribed work place, and all time during which an employee is employed or permitted to work, whether or not required to do so, provided time allowed for meals shall be excluded unless the employee is required or permitted to work”



## Examples of Work Time That May be Compensable

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- Travel time
- On-call time
- Trainings, lectures and meetings
- Off the clock work
  - Unauthorized work performed with the knowledge and acquiescence of management
  - Time spent reviewing and responding to electronic mail and voicemail
- Preliminary and postliminary activity



# Be Aware of Off-the-Clock Work

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- What is it?
  - Work voluntarily performed where employer knew or should have known
- Common examples:
  - Employee begins work before clocking in
  - Employee continues work after clocking out
  - Employee works through lunch
  - Employee logs on to system or uses mobile device to check e-mail or voice messages after hours
  - Manager does not permit employee to record worked time

Be careful that messages along the lines of  
“no overtime hours” do not become  
misconstrued as . . .  
“do not record overtime hours.”

# Meal Time

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Bona fide meal periods will not count as hours worked so long as employee is completely relieved from duty for the purpose of eating a regular meal.



# Calculating Overtime Pay

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Each workweek stands alone



Overtime is paid based on the employee's "regular rate of pay", which may not be the same as the "hourly rate of pay"

## Regular Rate Includes All Remuneration Except...

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- Sums paid as gifts
- Payments for time not worked
- Reimbursement of expenses
- ***Discretionary bonuses***
- Profit sharing plans
- Retirement and insurance plans
- Overtime premium payments
- Stock options



# Payment of Wage Due Upon Separation

- Conn. Gen. Stat. § 31-71c(b)
- Resignation – next regular pay day
- Termination – next business day
- Labor dispute or layoff – next regular pay day



## Payment of Benefits Upon Separation of Employment

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Employer policy governs



No statutory requirement for payment of accrued vacation

# Maintaining Proper Wage and Hour Records

# Record Keeping

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- Connecticut Law (C.G.S. § 31-66)
  - **Employers must keep true and accurate records of hours worked of each employee and wages paid**
  - Records must be kept for three years
  - Records must be kept at place of employment
- FLSA (29 CFR § 516.6)
  - Employers must keep all basic time and earning cards or sheets
  - Records must be kept for two years
  - Records must be kept at place or places of employment or a centralized recordkeeping office

# Examples of Permissible Systems

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- Time cards
- Time sheets
- Punch clock
- Electronic time keeping systems



# Your Questions

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