



WAGE AND HOUR COMPLIANCE FOR OWNERS AND MANAGERS

INFINIUM
PAYROLL AND HR SOLUTIONS

LEGAL DISCLAIMER

The information provided by Infinium HR regarding HR or legal topics is intended solely as a guide to help businesses manage HR compliance effectively. This information does not constitute legal advice and should not be relied upon as such.

Infinium HR makes no guarantees regarding the completeness, accuracy, or adequacy of the information provided. For specific legal advice related to your business and HR or legal compliance, we strongly recommend consulting with a qualified attorney.

By participating in our HR webinars, you acknowledge that Infinium HR is not liable for any legal actions, penalties, or claims that may arise from their use. It is the responsibility of your business to ensure that all legal requirements are met and that your workplace violence prevention plan complies with all applicable laws and regulations.

For further assistance, please contact Infinium HR or your legal advisor.

TRAINING AGENDA

INFINIUM HR GROUP

- Introduction
- Understanding Wage & Hour Laws
- PAGA Reform & Employer Liability
- Employee Classification
- Overtime & Regular Rate of Pay
- Meal & Rest Break Compliance
- Timekeeping & Payroll Accuracy
- Final Checks
- Paid Sick Leave
- Wage Statement Requirements
- Handling Wage & Hour Disputes
- Compliance Best Practices
- Action Plan for 2025



A man in a blue button-down shirt is talking on a black mobile phone. He is standing in a large industrial facility, possibly a factory or warehouse, with high ceilings and bright overhead lights. The background is slightly blurred, showing industrial equipment and structural elements. The overall tone is professional and focused.

INTRODUCTION

Navigating Wage and Hour
Compliance in California

UNDERSTANDING CA WAGE AND HOUR LAWS



THE CHALLENGE

- Wage and hour laws are complex and ever-changing in California.
- PAGA Reform has mitigated risks for employers but compliance is still critical.
- Non-compliance can lead to lawsuits, penalties, and wage theft claims.
- This session will help you protect your business and do right by your employees.

Staying ahead of California's evolving wage and hour laws is essential for protecting your business from costly penalties and legal challenges. While PAGA reform has eased some risks, compliance remains a top priority.

THE BASICS

- CA Labor Code has stricter wage laws than federal regulations.
- Covers minimum wage, overtime, meal/rest breaks, and accurate payroll records.
- Employer responsibility: Pay correctly, track hours, and maintain compliance.
- Employee rights: Fair wages, breaks, and proper classification.

By proactively understanding and adhering to these regulations, employers not only protect themselves from penalties but also foster trust, productivity, and a culture of integrity in their organization.

PAGA REFORM & EMPLOYER LIABILITY



PAGA REFORM

What is PAGA, and why was it reformed?

PAGA (Private Attorneys General Act) allows employees to sue employers for labor violations on behalf of the state.

It was reformed in 2024 to reduce frivolous lawsuits, limit excessive penalties, and provide businesses with more opportunities to address compliance issues before facing litigation.

PAGA REFORM

What are the key changes under PAGA Reform in 2024?

- Limits on penalties for minor and unintentional labor violations.
- Streamlined claims process to reduce unnecessary litigation.
- Certified Compliance Programs help businesses avoid liability.
- The Labor Commissioner has greater authority to review and resolve claims before lawsuits.

PAGA REFORM

How can businesses take advantage of the new law to reduce liability?

- Implement a Certified Compliance Program to gain legal protection.
- Conduct regular wage audits to ensure compliance with labor laws.
- Train managers on wage & hour regulations and dispute resolution.
- Resolve issues internally before they escalate into lawsuits.

EMPLOYEE CLASSIFICATIONS



COMMON EMPLOYEE PAY CLASSIFICATIONS

Hourly Non-Exempt

- Clearly defined hourly rate
- Receives hourly pay rate for every hour worked
- Time and half for any time worked over 8 hours per day or 40 hours per week.
- Subject to meal and rest breaks where applicable
- Employees should track all hours worked using timecard or electronic device

Salary Exempt

- Set pay amount per pay period
- Must be eligible position: Managerial, Administrative Control, Salesperson, Professional, etc
- No deductions for partial time off. If hours worked during the week, full pay is due
- No need to track time worked or meal and rest breaks
- Minimum exempt pay level is 2X min wage or \$68640 annually

Hourly Plus Commission

- Typically sales positions but can be used for production bonuses as well.
- Employees may work full commission if more than 50% of work time is outside sales
- Straight piecework is not viable in CA
- Employees may receive hourly pay plus commission or piecework
- If commission/piecework is paid above hourly rate, overtime must be calculated using Regular rate of Pay

INDEPENDENT CONTRACTORS

INFINIUM HR GROUP

Under AB 5, a worker is presumed to be an employee unless they meet all three of the following ABC Test criteria:

- **A – Control & Direction** - Worker must be free from the control and direction of the hiring entity
- **B – Outside the Usual Course of Business** - Worker must perform work that is outside the hiring entity's usual course of business.
- **C – Independent Business** - Worker must be engaged in an independently established trade, occupation, or business of the same nature as the work performed.

If a worker fails any of these three criteria, they must be classified as an employee, making them eligible for minimum wage, overtime, benefits, and legal protections under California labor laws.



ACTION STEPS

- ✓ **Audit Job Roles & Pay Structure** – Ensure job duties match classifications (hourly, salary, commission, contractor).
- ✓ **Verify Exempt vs. Non-Exempt Status** – Salary must meet CA thresholds; non-exempt employees must receive overtime & breaks.
- ✓ **Check Commissioned Employees** – Confirm written agreements, minimum wage compliance, and overtime calculations.
- ✓ **Apply the ABC Test for Contractors** – Ensure they operate independently, perform work outside your core business, and control their own schedule.
- ✓ **Update Policies & Contracts** – Review offer letters, agreements, and timekeeping practices for compliance.
- ✓ **Train Managers on Wage Laws** – Educate leadership on classification rules, wage policies, and legal risks.
- ✓ **Consult HR/Legal Experts** – Get professional guidance to prevent misclassification penalties.

OVERTIME RULES AND REGULAR RATE OF PAY



OVERTIME RULES

Standard Overtime Pay:

- 1.5x regular rate for hours worked beyond 8 hours/day or 40 hours/week.
- Applies to non-exempt employees only.

Double Time Pay:

- 2x regular rate for over 12 hours in a single day.
- 2x regular rate for over 8 hours on the seventh consecutive day in a workweek.

Who Qualifies?

- Hourly, non-exempt employees must be paid overtime.
- Exempt employees do not qualify for overtime.

REGULAR RATE OF PAY

INFINIUM HR GROUP

Regular Rate of Pay Includes:

- Hourly wages PLUS the following:
- Non-discretionary bonuses
- Commissions
- Shift differentials (Multiple pay rates)
- Piece-rate earnings.

How to Calculate:

- Total all earnings for the workweek (including bonuses & commissions).
- Divide by total hours worked, including overtime hours.
- Multiply by 1.5 or 2 for overtime and double time pay.

Applicable to overtime, sick pay and MBV

BEST PRACTICES AND ACTION STEPS

Best Practices:

- ✓ Use automated timekeeping systems to track all hours accurately
- ✓ Review compensation policies to ensure overtime compliance
- ✓ Properly classify employees as exempt vs. non-exempt
- ✓ Include all earnings in the regular rate when calculating overtime
- ✓ Train managers & payroll staff on overtime laws and compliance

Action Steps

- ✓ Conduct a wage audit to identify compliance gaps.
- ✓ Ensure overtime calculations include all earnings.
- ✓ Implement training for managers and payroll teams.
- ✓ Stay updated on CA wage & hour laws to avoid penalties.



MEAL & REST BREAK COMPLIANCE



THE BASICS

- **Why it Matters:** Compliance reduces legal risk and improves employee satisfaction.
- **Covered Employees:** Applies to non-exempt employees under California law.
- **Employers Must:** Provide required breaks on time or face penalties.

Meal and rest break compliance isn't just about following the rules—it's about avoiding costly legal pitfalls. Meal break violations are some of the easiest labor violations to prove, making them a prime target for PAGA claims and class-action lawsuits.

MEAL BREAKS

Mandatory 30-Minute Unpaid Meal Break:

- Must be given before the 5th hour of work.
- Employee must be fully relieved of duties.
- Meal break can be waived only if the total shift is 6 hours or less.
- On duty meal break may be used if employee is unable to take an uninterrupted meal break.

Second Meal Break:

- Required if an employee works more than 10 hours.
- Can be waived only if the total shift is under 12 hours and the first meal break was taken

REST BREAKS

10-Minute Paid Rest Break

- Must be provided for every 4 hours worked.
- Should be in the middle of the work period when possible.
- Not required if shift is less than 3.5 hours.
- Cannot be combined with meal breaks to create a larger break.

Additional Rest Breaks

- Employees working over 6 hours must receive two 10-minute breaks.
- Employees working over 10 hours must receive three 10-minute breaks.

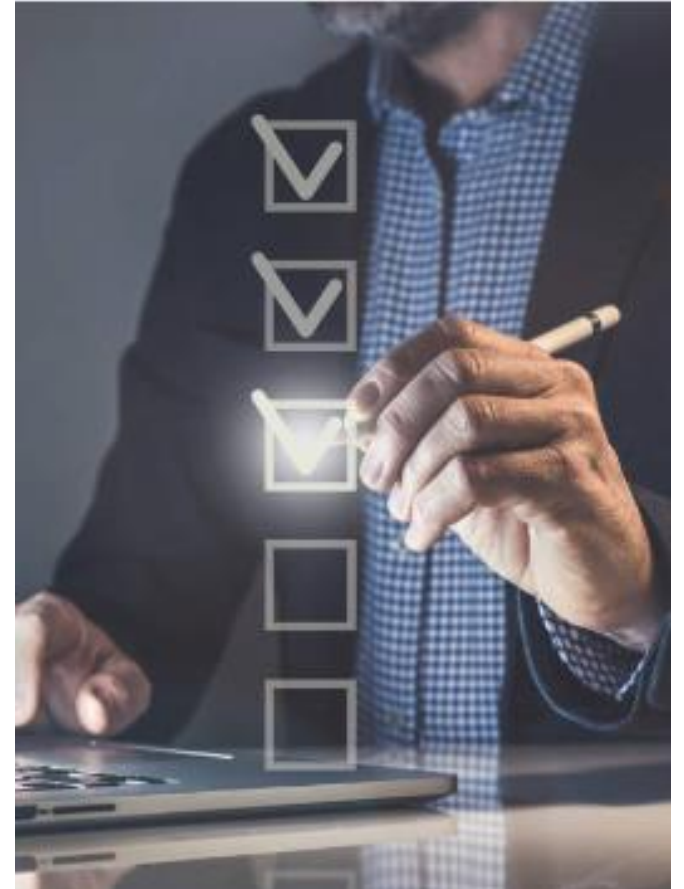
BEST PRACTICES AND ACTION STEPS

Common Mistakes

- ❌ Not tracking break times accurately
- ❌ Allowing employees to work through meal breaks without proper waivers
- ❌ Failing to provide breaks at the required times
- ❌ Not properly compensating for missed breaks
- ❌ Not paying meal break violations for non-compliant meal breaks

Action Steps

- ✓ Implement automated timekeeping systems to track meal breaks.
- ✓ Train managers and supervisors on California labor laws.
- ✓ Ensure employees know their rights and encourage compliance.
- ✓ Review payroll records regularly to catch and correct errors.
- ✓ Seek HR & legal guidance if unsure about compliance requirements.



TIMEKEEPING & PAYROLL ACCURACY



WHY IT'S IMPORTANT

- Accurate timekeeping ensures compliance with CA wage & hour laws.
- Proper records protect employers from wage claims and penalties.
- Mistakes in payroll can lead to lawsuits and significant financial risks.
- Employees expect accurate pay – errors lead to dissatisfaction and turnover.

Gone are the days of tracking hours and employee documents on paper. Take advantage of technology and automate as much as possible for consistency.

TIMEKEEPING BASICS

INFINIUM HR GROUP

Non-exempt employees must record all hours worked.

- Overtime must be tracked and paid correctly.
- Meal and rest breaks must be documented.
- Employers must maintain at least 4 years of payroll records.

What Employers Cannot Do:

- ❌ Alter time records without justification. Get approval if you do.
- ❌ Allow off-the-clock work.
- ❌ Fail to compensate for all hours worked, including training and travel time.
- ❌ No rounding of time punches.

Accurate timekeeping isn't just best practice—it's the law. Proper records protect your business, ensure employees are paid fairly, and help prevent costly legal disputes. Stay compliant, stay accountable!



BEST PRACTICES AND ACTION STEPS

- ✓ **Implement an Electronic Time Tracking System** – Use automated timekeeping software to ensure accurate records and eliminate manual errors.
- ✓ **Train Employees on Timekeeping Policies** – Educate staff on properly clocking in/out, recording breaks, and reporting any discrepancies.
- ✓ **Enforce Overtime & Break Compliance** – Ensure employees take required breaks on time and that overtime is pre-approved and correctly recorded.
- ✓ **Regularly Audit Time Records** – Review payroll and timekeeping reports to identify and correct errors before they become compliance issues.
- ✓ **Require Manager Oversight** – Supervisors should verify timesheets and approve overtime.
- ✓ **Maintain Payroll Records for at Least 4 Years** – Retain detailed records of hours worked, breaks taken, and wages paid to comply with CA labor laws.
- ✓ **Prevent Off-the-Clock Work** – Prohibit employees from working without logging hours and ensure all training, meetings, and travel time are compensated.
- ✓ **Seek HR & Legal Guidance When Needed** – Consult with Infinium HR to stay updated on timekeeping and wage issues.

FINAL PAYCHECK RULES



WHY ITS IMPORTANT

INFINIUM HR GROUP

- Late or incorrect final paychecks can lead to waiting time penalties.
- Ensuring compliance protects your business from wage claims.
- Employees rely on final pay for financial stability—accuracy is key.

Waiting Time Penalties:

- Employers must pay one day's wages per day the final paycheck is late (up to 30 days).
- Even an accidental delay can trigger penalties.
- Employees can file wage claims or lawsuits under PAGA.

FINAL PAYCHECK RULES

INFINIUM HR GROUP

- Employee Quits with 72+ Hours' Notice → Pay on their last day.
- Employee Quits with Less than 72 Hours' Notice → Pay within 72 hours.
- Employer Terminates or Lays Off Employee → Pay is due immediately at termination.

What must be included:

- ✓ All earned wages through the last day worked
- ✓ Accrued but unused vacation time (if applicable)
- ✓ Overtime pay, bonuses, and commissions (if earned and calculable)
- ✓ Any expense reimbursements due

BEST PRACTICES AND ACTION STEPS

What Employers Cannot Do:

- ❌ Hold final pay for unreturned equipment
- ❌ Delay payment for processing payroll
- ❌ Deduct unauthorized expenses from final wages

Best Practices for Compliance

- Prepare Final Pay in Advance: Process wages before termination meetings.
- Use Direct Deposit or Check: Be sure to get employee approval in writing first)
- Provide Wage Statements: Include clear breakdowns of all final wages.
- Keep Payroll Records: Maintain documentation for at least 4 years.
- Consult Infinium HR for guidance.

PAID SICK LEAVE AND OTHER LEAVES



WHAT YOU NEED TO KNOW

INFINIUM HR GROUP

- California has some of the most comprehensive leave laws in the country.
- Employers must understand and comply to avoid penalties and PAGA claims.
- Providing the right leaves improves employee morale, reduces turnover, and protects businesses from liability.

Leaves are growing more complex as the years go by. Employers don't have the resources to know all of the laws in-house. Be sure to reach out to an HR professional any time a potential leave is involved.

BASIC RULES PAID SICK LEAVE

- All CA employers must provide paid sick leave.
- Employees accrue at least 1 hour per 30 hours worked.
- Employers may cap annual sick leave at 40 hours or 5 days.
- Sick leave can be used for:
 - ✓ Employee's health condition
 - ✓ Caring for a family member
 - ✓ Domestic violence, sexual assault, or stalking situations!

Sick leave is not paid out at termination and paying out sick pay in lieu of taking time off is not recommended as it may be construed as depriving employees their rightful time off.

OTHER LEAVES

Family and Medical Leave (FMLA/CFRA)

- Applies to businesses with 5+ employees.
- Provides up to 12 weeks of job-protected leave for qualifying conditions.

Pregnancy Disability Leave (PDL)

- Available separately from CFRA for up to 4 months.
- Paid Family Leave (PFL)
- Wage replacement for family-related caregiving (but not job protection).

Jury Duty & Witness Leave

- Employers must provide unpaid time off for employees serving as jurors or witnesses.

Crime Victim Leave

- Leave for domestic violence, sexual assault, stalking, or crime-related trauma.

REASONABLE ACCOMMODATION

Employers must provide reasonable accommodations for:

- Disabilities under the ADA and FEHA.
- Pregnant employees under PDL.
- Religious accommodations under Title VII & FEHA.
- Victims of domestic violence or sexual assault.

The Interactive Process (Required by law!)

- Assess accommodations in good faith.
- Engage in discussions with the employee.
- Explore options before denying an accommodation request.

BEST PRACTICES AND ACTION STEPS

Common Employer Mistakes

- ❌ Not tracking sick leave accruals correctly.
- ❌ Denying leave without legal justification.
- ❌ Failing to document the interactive process.
- ❌ Retaliating against employees for taking protected leave.

Best Practices for Compliance

- ✓ Maintain clear policies on all leave types.
- ✓ Use timekeeping systems to track leave accrual and usage.
- ✓ Educate managers & HR staff on leave requirements.
- ✓ Engage in the interactive process for accommodations.
- ✓ Keep thorough documentation of all leave requests and actions taken.

Protect Your Business

- ✓ Review your current leave policies for compliance.
- ✓ Train your team on best practices and legal obligations.
- ✓ Implement proper record-keeping and time-tracking tools.
- ✓ Need guidance? Work with Infinium HR to ensure compliance

WAGE STATEMENT REQUIREMENTS

ID NUMBER: P230161243
BASE RATE: 928.12
SSN: 928.12

FED: STATUS
ST1: SINGLE
ST2: EXEMPT
00
02

TAX ADJUSTMENTS
FED: \$
DI/UC:
LOCAL: .00 ST:\$

CHECK NO:
CHECK DATE:
PERIOD ENDING: 07/
PAY FREQUENCY: 07/
BIWE

STATE AND
PRI: IL
SEC: LO

IMPORTANT MESSAGE

TAXES AND DEDUCTIONS

SPECIAL

DESCRIPTION	CURRENT AMOUNT	Y-T-D AMOUNT
SO SEC TAX	57.47	
MEDICARE TAX	13.44	
FED INC TAX	103.47	
PRI-STATE TAX		

EARNINGS

HOURS/UNITS	Y-T-D EARNINGS
909.43	
40.00	
48.00	
10487.02	
453.85	
554.83	
800.00	

WAGE STATEMENTS

California labor law requires detailed wage statements including

- Gross and net wages earned
- Total hours worked (including overtime)
- Applicable hourly rates
- Payroll deductions
- Employer's legal name & address

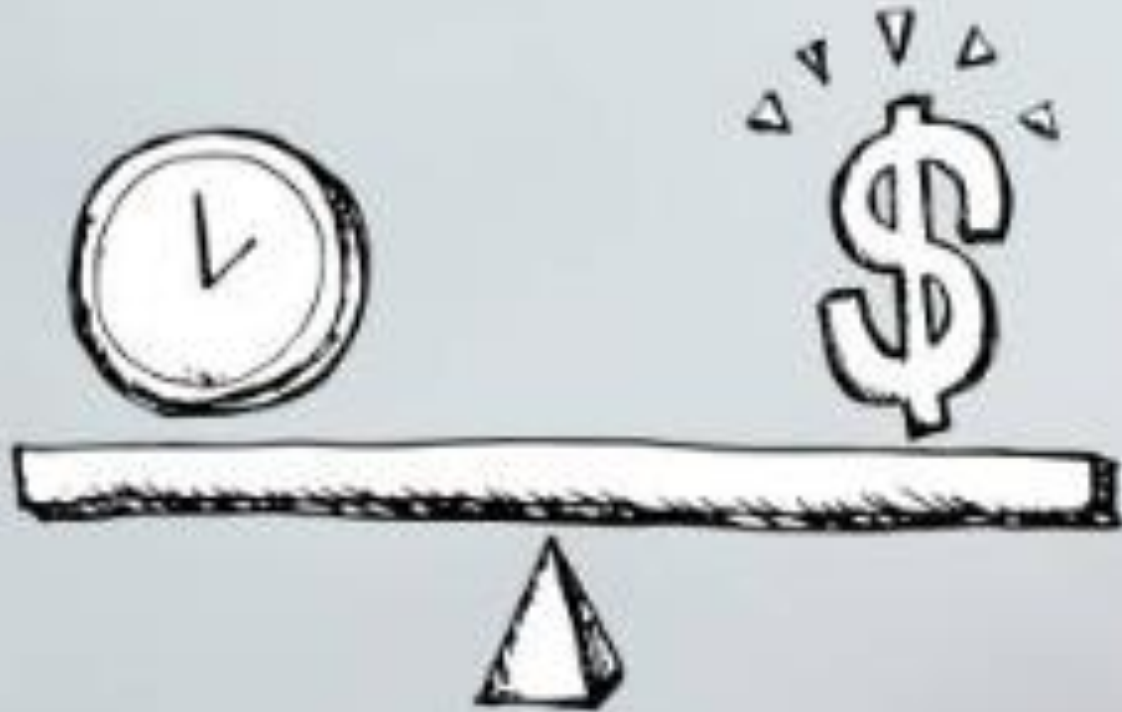
Common Wage Statement Errors

- ❌ Missing overtime rates
- ❌ Inaccurate hours worked
- ❌ Not providing statements on time

BEST PRACTICES AND ACTION STEPS

- ✓ **Ensure All Required Information is Included** – Verify that wage statements contain employee details, employer name/address, pay period dates, total hours worked, and gross/net wages.
- ✓ **Break Down Overtime & Deductions** – Clearly list overtime hours, applicable pay rates, and any deductions such as taxes, benefits, and garnishments.
- ✓ **Track & Display Sick Leave Balances** – Ensure that available and used sick leave balances are correctly shown on each pay stub, as required by CA law.
- ✓ **Regularly Review & Audit Statements** – Conduct periodic checks to ensure wage statements remain accurate, be sure your payroll provider has your latest address and corporate information – list your corporate name, not DBA
- ✓ **Provide Electronic & Paper Options** – Offer employees access to wage statements in both electronic and paper formats, depending on state regulations and employee preference.

HANDLING WAGE & HOUR DISPUTES



EMPLOYEE COMPLAINTS

INFINIUM HR GROUP

Handling Wage & Hour Disputes

- Employees can file claims through the Labor Commissioner or under PAGA.
- If an employee brings a complaint internally, take it seriously.
- Respond immediately

Steps to handle disputes:

1. Investigate complaints promptly.
2. Keep detailed documentation.
3. Resolve issues internally when possible.
4. If you receive a PAGA notice, contact an attorney immediately.

BEST PRACTICES IN RESPONDING TO PAGA NOTICE

- ✓ Take the Claim Seriously!
- ✓ Review the Notice Thoroughly
- ✓ Engage Legal Counsel Immediately
- ✓ Notify Key Personnel
- ✓ Conduct an Internal Audit
- ✓ Evaluate Potential Liability
- ✓ Explore Settlement Options
- ✓ Respond to LWDA within 33 days
- ✓ Implement Corrective Measures
- ✓ Prepare for Potential Litigation
- ✓ Proactively Prevent Future Claims



ACTION PLAN FOR 2025



COMPLIANCE ACTION PLAN

INFINIUM HR GROUP

- Train Managers & Supervisors – Educate leadership on wage & hour laws, break requirements, and timekeeping policies.
- Conduct Regular Payroll Audits – Review wage statements, overtime calculations, and break logs to ensure compliance.
- Stay Up to Date with CA Labor Laws – Monitor changes in legislation and adjust policies as needed.
- Before taking any HR action steps that are outside the box, consult with Infinium HR or legal counsel.
- Be sure you're working with a proactive HR partner to ensure compliance best practices.
- Consider EPLI and Arbitration Agreements.
- Remember that CA laws do not follow common sense necessarily, they are extraordinarily employee friendly.
- Continue to improve culture, employee engagement and communication to ward off problems before they mushroom

FINAL THOUGHTS

Wage and hour compliance isn't just about ticking legal boxes—it's about creating a fair, transparent, and positive workplace. When businesses stay proactive, they not only avoid legal headaches but also boost employee morale and keep operations running smoothly.

Need guidance? Infinium HR has your back every step of the way!





MARCH WEBINAR



March 2025

Hiring Smart in 2025

A Small Business Guide to Building the
Right Team

We'll interview our top recruiters to glean some tips
on how to hire smarter and get the best talent on
your team in 2025

Wednesday, March 19 2025
9:00 AM

REGISTER

www.infiniumhr.com/Infinium-hr-events