

Hourly Rate and Bonus

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Computing Regular Rate of Pay - Hourly Rate and Bonus

An employee paid an hourly rate plus a bonus would be paid a regular rate of pay base on the example below. 29 C.F.R. § 778.110(b).

Example:

An employee works 46 hours in a workweek and receives a bonus of \$19.20 in addition to earnings at an hourly rate of \$7.25 per hour. The regular rate would be \$7.67 per hour. This is computed as $46 \text{ hours} \times \$7.25 = \$333.50 + 19.20 \text{ bonus} = \352.70 . This total divided by 46 hours yields a regular rate of \$7.67. The employee would be entitled to receive a total wage of \$375.86: $(46 \text{ hours} \times \$7.67) + (6 \text{ hours} \times \$3.84) = \$352.82 + 23.04 = \375.86 .

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