

SAMPLE—Safe Harbor Policy

SALARY BASIS POLICY – EXEMPT EMPLOYEES

It is our policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. To ensure that you are paid properly, you must review your paychecks promptly to identify and to report all errors.

Review Your Pay Stub

We make every effort to ensure our employees are paid correctly. Occasionally, however, inadvertent mistakes can happen. When mistakes do happen and are called to our attention, we will promptly make any corrections necessary. Please review your pay stub when you receive it to make sure it is correct. If you believe a mistake has occurred or if you have any questions, please use the reporting procedure outlined below.

Deductions From Salary

If you are classified as an exempt salaried employee, you will receive a salary which is intended to compensate you for all hours you may work for the Company. This salary will be established at the time of hire or when you become classified as an exempt employee. While it may be subject to review and modification from time to time, such as during salary review times, the salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work you perform.

Under federal and state law, your salary is subject to certain deductions. For example, absent contrary state law requirements, your salary can be reduced for the following reasons [if authorized by state law and any applicable contract]:

Full day absences for personal reasons.

Full day absences for sickness or disability. (Note to Employer: This should not appear if the employer does not have a bona fide sickness or disability policy that provides for wage replacement benefits)

Full day disciplinary suspensions for infractions of our written policies and procedures.

Family and Medical Leave absences (either full or partial day absences).

To offset amounts received as payment for jury and witness fees or military pay.

The first or last week of employment in the event you work less than a full week.

Any full work week in which you do not perform any work.

Your salary may also be reduced for certain types of deductions such as your portion of health, dental or life insurance premiums; state, federal or local taxes, social security; or, voluntary contributions to a 401(k) or pension plan. In any work week in which you performed any work, your salary will not be reduced for any of the following reasons:

Partial day absences for personal reasons, sickness or disability.

Your absence on a day because your employer has decided to close a facility on a scheduled work day.

Absences for jury duty, attendance as a witness, or military leave in any week in which you have performed any work.

Any other deductions prohibited by state or federal law.

Please note: it is not an improper deduction to reduce an employee's accrued vacation, personal or other forms of paid time off for full or partial day absences for personal reasons, sickness or disability.

(Note to Employer: This should not appear if the employer does not have a bona fide sickness or disability policy that provides for wage replacement benefits)

To Report Concerns or Obtain More Information

If you have questions about deductions from your pay, please immediately contact Human Resources. If you believe you have been subject to any improper deductions or your pay does not accurately reflect your hours worked, you should immediately report the matter to your supervisor. If the supervisor is unavailable or if you believe it would be inappropriate to contact that person (or if you have not received a prompt and fully acceptable reply), you should immediately contact the vice president of human resources [provide names, addresses and telephone numbers], the manager of payroll, or any other supervisor in the company with whom you feel comfortable. If you are unsure of whom to contact if you have not received a satisfactory response within five business days after reporting the incident, please immediately contact the company president [provide names, addresses and telephone numbers] or use the reporting hotline at 1-800-000-0000.

Every report will be fully investigated and corrective action will be taken where appropriate, up to and including discharge for any employee(s) who violates this policy. In addition, the Company will not allow any form of retaliation against individuals who report alleged violations of this policy or who cooperate in the Company's investigation of such reports. Retaliation is unacceptable, and any form of retaliation in violation of this policy will result in disciplinary action, up to and including discharge.