

EXEMPT OR NONEXEMPT? EXECUTIVE, ADMINISTRATIVE, PROFESSIONAL & SALES EXEMPTIONS

Why salary and title do not decide overtime rights, and how California evaluates duties, salary basis, time spent, and specialized exemption rules.

WHAT THE EMPLOYER WILL TEST
THE ONE-SENTENCE RULE Exempt status is an affirmative defense. The employer must fit the employee within an exemption by proving the required salary and actual duties - not merely pointing to a title or offer letter.
WHEN PROMPT LEGAL REVIEW MAY MATTER Pay, time, classification, deductions, or payroll records do not match reality. • The employer changes a formula, quota, rate, or credit after the work is performed. • A final-pay, wage-claim, release, or filing deadline may be running.

THE 60-SECOND ISSUE MAP

Issue	What to ask	Risk / signal	Employee focus
Salary threshold	Was the employee paid at least the applicable California threshold on a salary basis?	FOUNDATIONAL	A salary alone never completes the exemption.
Primary duties	Did exempt work occupy more than half of the employee's time under California's quantitative approach?	HIGH	Track what the employee actually did each week.
Discretion	Did the role involve independent judgment on matters of significance?	HIGH for administrative	Following detailed procedures may undercut the defense.
Management	Did the employee truly direct the enterprise or a recognized department and influence personnel decisions?	HIGH for executive	Lead-worker duties are not always management.
Sales rules	Was the employee outside sales, or a commissioned inside salesperson meeting the applicable Wage Order test?	SPECIALIZED	Location, time spent, earnings, and industry matter.

FIVE RULES THAT MATTER

1. Labor Code sections 510 and 515 and the applicable Wage Order govern most California white-collar exemption questions. 2. California generally examines whether more than half of working time was devoted to exempt duties; federal-style emphasis on a generalized primary duty may not answer the state-law question.	3. Executive status generally requires real management, regular direction of at least two employees, authority or meaningful input on personnel decisions, discretion, and the required salary. 4. Administrative status generally requires office or nonmanual work directly related to management policies or general business operations, discretion and independent judgment, and the required salary. 5. Misclassification can lead to overtime, meal and rest premiums, wage-statement claims, waiting-time penalties, interest, fees, and other derivative remedies.
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TEST THE JOB WEEK BY WEEK, TASK BY TASK

Salary rule	Duties test	Time allocation
Threshold / salary basis / deductions	Management / discretion / learned profession / sales	Actual weekly tasks / percentage of time / recurring nonexempt work

DOCUMENTS / ACTIONS TO SAVE NOW

- ☐ Offer letter and compensation records
- ☐ Job descriptions from each relevant period
- ☐ Calendars and recurring task lists
- ☐ Policies, scripts, approval limits, and escalation rules
- ☐ Org charts and direct-report lists
- ☐ Performance goals and productivity metrics
- ☐ Emails showing hands-on production work

FROM THE EMPLOYER'S SIDE: a defense brief often quotes the job description. A useful cross-examination asks who wrote it, when it was updated, and whether it describes Tuesday afternoon rather than an idealized role on paper.

EMPLOYEE RESPONSE: Reconstruct the calculation from source records and identify the exact amount, entry, policy, or practice that needs correction.

RELATED RUGGLES LAW FIRM READING

- Unpaid Wages Resource Center
- Employee Misclassification Articles
- Wage Theft in California
- Read Matt's Law Blog

CALIFORNIA STATUTES / REGULATIONS

- Labor Code section 510
- Labor Code section 515

PUBLISHED CALIFORNIA CASES

- Ramirez v. Yosemite Water Co., 20 Cal.4th 785 (1999)
- Heyen v. Safeway Inc., 216 Cal.App.4th 795 (2013)
- Eicher v. Advanced Business Integrators, Inc., 151 Cal.App.4th 1363 (2007)



SCAN TO READ
Unpaid Wages Resource Center
RugglesLawFirm.com

OFFICIAL RESOURCES Labor Code section 510 | Labor Code section 515 | California Wage Orders

Courts must examine the realistic requirements of the job rather than rely exclusively on an employer's idealized description.
— Ramirez v. Yosemite Water Co., 20 Cal.4th 785 (1999)

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