
Employee classification policy

This **Employee Classification Policy** template is ready to be tailored to your company's needs and should be considered a starting point for setting up your employment policies. This may also be called an **exempt employee policy**, **FLSA policy** or an **overtime policy**.

Policy brief & purpose

Our **employee classification policy** outlines the different categories of employment in our company. It states the different types and statuses that an employee may acquire once they are hired by the company. This is rendered important for the administration of benefits and the application of policies as well as disciplinary procedures.

Employee classification is established as part of the [Fair Labor Standards Act](#) (FLSA). The FLSA policy determines which employees (exempt vs. non-exempt) are subject to minimum wage and overtime laws.

The company will observe any legal guidelines that apply to the classification of employees. Its own categories will be formulated in a manner that does not contradict any rule mandated by law and the benefits will be administered accordingly.

See our [employee handbook template](#) for more examples of codifying these policies.

Scope

This policy applies to all employees of the company as well as any parties that represent the company or undertake tasks on its behalf.

Policy elements

Employees are being divided into categories — typically “exempt employee” or “non-exempt employee” — with different criteria.

What is job classification?

- Job duties
- Amount of working hours
- Duration of the job/position

Job duties. This criterion defines whether employees are categorized as exempt employees or non-exempt employees. Non-exempt employees have benefit eligibility that exempt employees do not. Benefits are not only those referred to by legislation (e.g. [overtime policy](#)) but they may also stem from the company's own policies (e.g. employees who can not [work from home](#) as a result of their job responsibilities).

It is important that all employees know whether they are classified as exempt or non-exempt so they can be aware of their rights and avoid misunderstandings.

Amount of working hours. The amount of hours an employee is expected to work per day or week determines whether they are [part-time or full-time](#) employees. Full-time employees are typically employed on a 40-hour/week schedule according to legislation. The practice of [flexible hours](#) does not typically alter an employee's status and if so, it must be clearly stated on a formal written agreement signed by both employee and employer. Part-time employees are those who work less than forty hours per week. Part-time employees are entitled to limited benefits in comparison to those who are employed full-time. Those benefits should be stated in their employment contract.

Duration of the job/position. The duration of the job or position defines whether one is employed under a permanent or temporary contract. There are also two additional subcategories referring to those who are working during a probationary period (who have not fully attained either of the previous statuses) and those who are indefinitely "on-call".

Permanent employees are those whose contract does not have an expiration date and have [completed their probationary period](#). They are considered the company's "regular" employees and are categorized as regular full-time and regular part-time.

Temporary employees are those whose contract is valid for a definite amount of time and must be renewed in order for them to retain employee status. Those employees can be full-time or part-time. Interns, for example, are considered temporary part-time while interims are classified as temporary full-time.

Employees within a probationary period are usually excluded from certain terms of their employment agreement. Those terms as well as the duration of the probationary period will be explicitly stated in the employment contract.

An on-call employee may belong in two categories:

- Employees who have been hired with full-time or part-time contracts and must remain accessible for certain hours exceeding their regular schedule. Those employees may be entitled to overtime pay or other benefits.
- Employees who only work when called

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