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## Minimum Wage Increases on July 24, 2008

Please find below an update on the minimum wage, tipped wage, and overtime for tipped employees as we prepare for an increase this Thursday, July 24.

Minimum Wage - as of July 24, 2008 the minimum wage will be \$6.55 (Federal Law)

The current minimum wage is \$6.50 which went into effect on September 1, 2008 (per NH law)

Minimum Wage will increase again to \$7.25 on September 1, 2008 (per NH law)

Tipped Wage - as of July 24, 2008 the tip wage will be \$2.95 (Federal Law)

The current minimum wage for tipped employees is \$2.93 which went into effect on September 1, 2007 (per NH law).

Tipped Wages will increase again to \$3.27 on September 1, 2008 (per NH law)

### Overtime for Tipped Employees

For tipped employees, operators should keep in mind that the law requires that an employee's regular rate of pay can never be less than the applicable minimum-wage rate. For example, an employer will be paying his or her tipped employees the current federal minimum wage of \$6.55 per hour, which is broken down into a cash wage of \$2.95 per hour and a tip credit of \$3.60 per hour. The operator should calculate tipped employees overtime rate by taking the current minimum wage of \$6.55, divide it by half resulting and rounding up to \$3.28 and then add the minimum tip wage of \$2.95 for a final rate of \$6.23.

Therefore, the overtime rates are calculated as:

$\$6.55/2 = \$3.28 + \$2.95 = \$6.23$  on July 24, 2008 (per federal law)

$\$7.25/2 = \$3.63 + \$3.27 = \$6.90$  on September 1, 2008 (per NH law)