


# Changing Employee Pay from Hourly to Salary

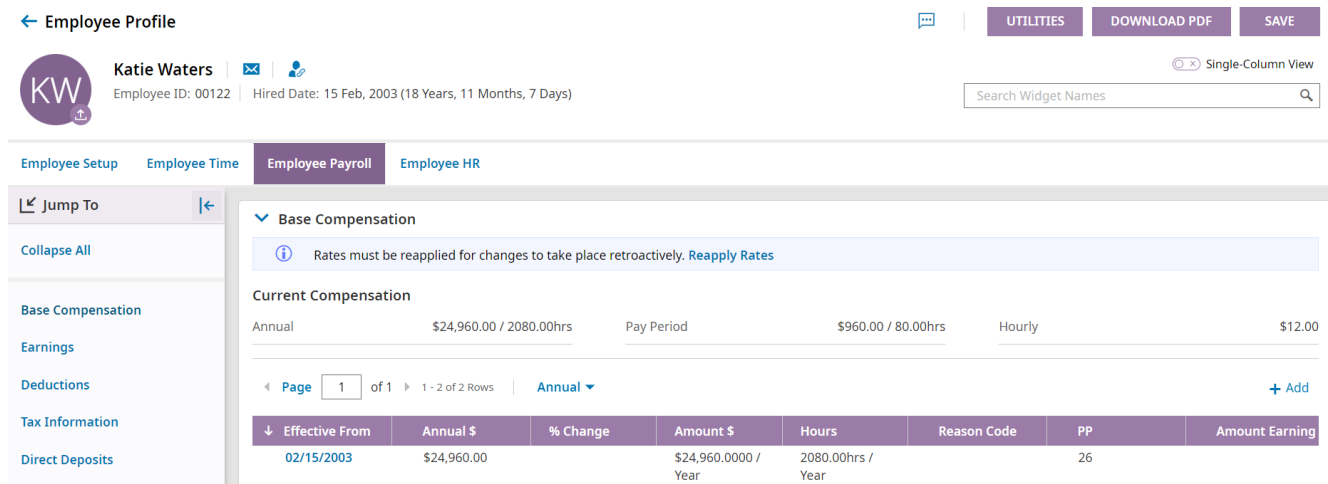
Last Modified on 02/13/2022 11:04 pm EST

These instructions guide you in changing an employee base compensation, such as from hourly to salary, or to reflect a raise, on Wurk systems upgraded to the latest release.



Menu items and on-screen options may vary depending on your configuration and Security Profile.

## START HERE

1. From the Main Menu, click **Team>My Team>Employee Information**.
2. Find the employee you want to set base compensation for, and then click the Employee Information  icon.



← Employee Profile UTILITIES DOWNLOAD PDF SAVE Single-Column View

**Katie Waters** |  |   
Employee ID: 00122 | Hired Date: 15 Feb, 2003 (18 Years, 11 Months, 7 Days)

Employee Setup | Employee Time | **Employee Payroll** | Employee HR

Jump To | Collapse All

Base Compensation

Earnings

Deductions

Tax Information

Direct Deposits

Base Compensation

ⓘ Rates must be reapplied for changes to take place retroactively. [Reapply Rates](#)

Current Compensation

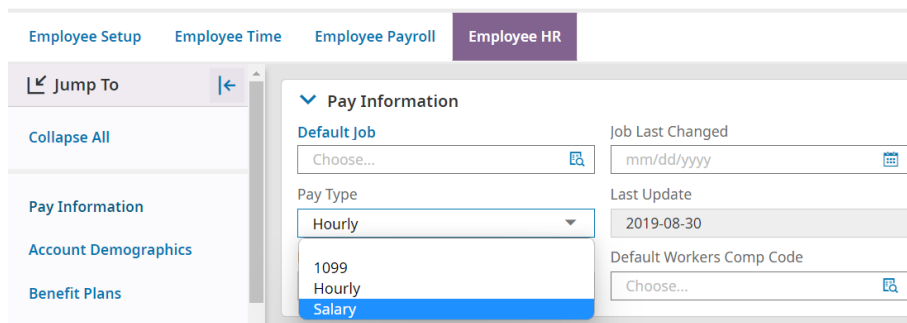
Annual	\$24,960.00 / 2080.00hrs	Pay Period	\$960.00 / 80.00hrs	Hourly	\$12.00
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Effective From	Annual \$	% Change	Amount \$	Hours	Reason Code	PP	Amount Earning
02/15/2003	\$24,960.00		\$24,960.0000 / Year	2080.00hrs / Year		26	

3. At the top of the Edit Employee screen, click the **Employee HR** tab to see all settings for the employee's HR profile.

In the Pay Information widget, use the Pay Type field to change *Hourly* to *Salary*.



Employee Setup | Employee Time | Employee Payroll | **Employee HR**



Jump To | Collapse All


Pay Information

Account Demographics


Benefit Plans

Pay Information

Default Job: Choose...  Job Last Changed: mm/dd/yyyy 

Pay Type: Hourly  Last Update: 2019-08-30

1099 Hourly Salary

Default Workers Comp Code: Choose... 

4. The next steps guide you in how to change the

base pay rate to reflect the change in Pay Type.

5. At top of the Edit Employee screen, click the **Employee Payroll** tab to see all settings for the employee's pay.

6. To add the new salary pay rate, click the + icon on the right as shown below.

Add New Base Compensation ✕

Effective From\*  Reason Code\*

Amount\*  \$ Per  Hours  Per

PP in Year\*  Amount Earning Autopay

Autopay Type

**Best practice when updating an employee's pay** is to add a new row, not edit an existing one. The only time you should edit an existing pay rate is when you made a mistake and do not need a paper trail. In this case, you can click the "pencil" icon next to that rate to edit it.

See the examples below of Base Pay settings for Hourly versus Salary.

Notice how the

AMOUNT EARNING AUTOPAY field for the Salaried example is set to salary:

Preview File ✕

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Effective From	Annual \$	% Change	Amount \$	Hours	Reason Code	PP	Amount Earning Autopay	Autopay Type	Notes
02/01/2021	\$70,000.00	13.27%	\$70,000.0000 / Year	2080.00hrs / Year	Promotion	26	Salary	AMOUNT_HOURS	

7. When you add or edit a pay rate, complete the fields shown below.

Preview File ✕

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Effective From	Annual \$	% Change	Amount \$	Hours	Reason Code	PP	Amount Earning Autopay	Autopay Type	Notes
06/07/2021	\$41,600.00		\$20,000.00 / Hour	2080.00hrs / Year	New Hire	26		AMOUNT	

## Field Definitions

Field	Definition

AMOUNT \$ Field	The employee's Definition pay rate in dollars.
PER	The time frame related to the employee's rate (hourly, salary, etc.)
HOURS	How many hours within the specified time frame in time frame (auto-calculated from the Per column to the right).
PP In Year	The number of pay periods your company processes payroll in one year (varies based on your payroll processing schedule).
ANNUAL\$	Auto-calculated annual pay, based on the information populated in the fields above.
%CHNG	The percentage change compared to the last pay rate. When you enter a new rate in the AMOUNT field, this field auto-calculates the difference.
AUTOPAY AMOUNT EARNING	This controls whether the employee is automatically paid a salary when payroll runs.  For Salary employees, make sure you select Salary or Regular in this field so the employee gets paid as part of payroll processing. For Hourly employees, leave this field blank (they should be paid based on hours worked).
AUTOPAY TYPE	For employees who are both Salary and Hourly, set to Both. This ensures that both types of pay are included in payroll processing.
EFFECTIVE FROM	The date when the pay rate begins to be in effect.

You can future-date a pay change by simply setting the EFFECTIVE FROM date to a date in the future.

You can cancel out this process and delete your entries any time by clicking the X to the left of the row. This deletes the entire row. You may also have the option to apply the rate change retroactively (by clicking the Reapply Rates option), in which case you would need to set the start date for the retroactive pay. The system does not calculate ALL of the retro pay. You will only need to set a From date for this area, meaning that it will take effect from that date; if that is in the middle of the pay period, the calculations will start from the new date and prorate accordingly. If you backdate this setting earlier than the beginning of the

pay period, it will only calculate within the current pay period. You or your administrator will still need to manually enter the rest of the retro pay.

8. If the rate change is occurring in the middle of a pay period, you also need to prorate the employee's pay. To do this, in the AUTOPAY SCHEDULE section below the base compensation section: if other prorate settings already show, click the + icon to create a new prorate setting for this new pay rate. In the Autopay Schedule field, select Monday - Friday, 8 hours per day. Then set the effective date.

□

9. Click SAVE; this validates your entries and checks for errors.

10. Then click the Employee Setup tab and scroll to the Profiles area. Update the Pay Calculations, Pay Prep, and (optional) Timesheet fields to use the correct Profile (such as Salary). These are defined by your Administrator during implementation. Set their respective effective dates for when you want the changes to take effect.

□

11. Click SAVE; this validates your entries and checks for errors.

12. Once you complete the new pay rate, it will manifest in payroll processing according to the dates you specified. The top section of the Base Compensation area (shown in Step 1) will also update to reflect the new pay rate.

Depending on your configuration, the employee may still see options on Wurk to clock in and out that might not be required of your salaried employees. Be sure to communicate with the employee about how you want them to log hours under the new

**Pay Type** and call their attention to any changes you make to schedules.

Additionally, you may want to double-check the **employee's accrual balances** to make sure they are properly awarded the right amounts of sick time, holiday hours, etc.

### **Making the Most of Wurk:**

#### **Paperless Paydays (Using Direct Deposit)**

We recommend "paperless paydays" as a best practice: to achieve paperless paydays, you should encourage your employees to opt for **Direct Deposit**. This provides the following advantages over printed, mailed checks:

<b>Advantages of Direct Deposit for Employers</b>	<b>Advantages of Direct Deposit for Employees</b>
Cost savings	Fastest method for depositing funds into your account
Reduced risk of check fraud and lost or stolen checks	Reduces time required for checks to clear
Greater control over payroll and payroll expenses	Reduces chances of lost or stolen checks
Timely payment of paychecks, even when employees	No extra time spent visiting banks or ATMs to

Advantages of Direct Deposit for Employers	Advantages of Direct Deposit for Employees
Reduced bookkeeping because of immediate payments into employee accounts (no delays in cashing)	Payments can be divided automatically among designated employee accounts
Online transaction reports are available immediately	Typically no cost for direct deposit; many banks even offer free checking if you use direct deposit

If you do not see options for Direct Deposit, your Administrator may need to **contact [Wurk Support](#)** ([support@enjoywurk.com](mailto:support@enjoywurk.com)) to have it enabled.

## Common Misclassifications of Employees

A common misclassification we see is when an employee is incorrectly classified as *salaried, exempt* instead of *hourly, non-exempt*. For example, an operator wanted to pay budtenders a salary as they did not want to deal with calculating and paying over-time. They did not understand that there are federal regulations when it comes to classifying a worker as exempt from overtime. Always refer to the duties test provided by the Department of Labor to help ensure you properly classify your workforce. It is also important to ensure that you are paying your salaried, exempt workers at least the minimum salary threshold, which is currently \$35,568 annually under Federal law. Some states have begun enacting their own minimum salary thresholds as well. When determining whether an employee qualifies for hourly or salary, make sure you are in compliance with the Fair Labor Standards Act.

Additionally, be careful not to misclassify an employee as 1099. Oftentimes, we see employers misuse the 1099 (independent contractor) classification. For example, a client wanted to change an employee to 1099 because the employee wanted to avoid paying taxes on a bonus. Making this kind of change to avoid tax liability, would be in violation of IRS rules around using this classification. When you think of an independent contractor, think of a worker who runs their own business, but performs work for another business. They are usually paid a flat fee for the job they were hired to complete, and the company does not have control over how the worker performs the work. The consequences for treating an employee as an independent contractor without meeting the specific criteria could result in back taxes, fines and penalties.

Lastly, for out-of-state employees, for the EIN they work under, you must have a **registered tax ID in the state where they work**.

