

Federal Minimum Wage to Increase in July

On Friday, May 25, 2007, President Bush signed a bill into law increasing the federal minimum wage from \$5.15 an hour to \$7.25 in three steps over the next two years. The increase is the first in the federal minimum wage in 10 years. The minimum wage legislation was attached to an Iraq war funding bill, which also included \$4.84 billion in tax breaks for small businesses.

Three Annual Steps

The first increase, to \$5.85, will go into effect on July 24, 2007, 60 days after the bill was signed into law. The minimum wage will then increase to \$6.55 on July 24, 2008, one year later. The final increase to \$7.25 will take effect on July 24, 2009, two years later.

Minimum Wage Posting Requirements

Employers are required by federal law to display a workplace poster, also known as the Fair Labor Standards Act Notice, that includes the current federal minimum wage, as well as FLSA provisions concerning child labor and overtime pay. Employers should ensure that they update their workplace postings prior to July 24, 2007. The US Department of Labor (DOL), Wage and Hour Division, provides a compliant poster that can be downloaded at no charge on its web site: <http://www.dol.gov/osbp/sbrefa/poster/main.html>. The DOL should soon post a new version of the poster to reflect the minimum wage increase.

Effect of State Minimum Wage Laws

Some states have minimum wages higher than those set by federal law, including several states that increased their minimum wage in January 2007. Employers in states with a higher minimum wage than the federal requirement must comply with the more generous state law. The DOL has a listing of state minimum wage requirements on its web site: <http://www.dol.gov/esa/minwage/america.html>.

Willis' HR Partner is a team of specialists in the Willis Employee Benefits Practice offering a variety of services in wage and hour compliance, including minimum wage issues. Please contact your local Willis office for information on how HR Partner can assist you with your compliance needs.

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