**How to Calculate Overtime on a Semi-Monthly Pay Period**

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Some employers choose to pay their employees twice each month, usually on the 15th and the last day of the month. Although this type of pay period can be useful for employees who know with ease the dates their next paycheck will arrive, it can be difficult to administer because each pay period has a different number of days and will often end in the middle of a workweek. For HR and payroll administrators who operate on this pay period, calculating overtime for their hourly (nonexempt) employees can quickly become confusing. Below are step-by-step instructions on how to calculate overtime in a semimonthly pay period.

Note: If your employees work in a state with daily overtime laws, you must follow both federal and state law for paying overtime. This guide will focus solely on the federal law in its explanation and examples.

**Step 1: Determine Workweeks in the Pay Period**

The Fair Labor Standards Act (FLSA) requires employers to establish a consecutive seven-day period for their workweek. Employers should establish which workday begins the "workweek" to calculate overtime pay accurately. An employer may establish different workweeks for different employees, but once an employee's workweek is established, it remains fixed regardless of his or her working schedule. An employee's workweek may be changed only if the change is intended to be permanent and is not designed to evade the employer's overtime obligation.

**Step 2: Count the Number of Hours for Each Workweek**

For the first workweek of the pay period, count the total hours worked for the entire workweek, even if part of that week was already paid in the previous pay period. Count the total number of hours for every other workweek in the pay period.

**Step 3: Identify If Overtime Is Owed**

Any employee who has worked more than 40 hours in any seven-day workweek is owed overtime at a rate of 1.5 times his or her regular rate of pay, according to federal law. For any workweeks that end during the pay period in which the employee has worked more than 40 hours, you must pay overtime when you pay the employee for this pay period. If the last workweek of the pay period is split between the current pay period and the next pay period, you can wait until the next pay period to pay any overtime for that week only. If there are no overtime hours due, you can pay the normal rate of pay for all hours worked in the workweek.

**Step 4: Determine the Regular Rate for Each Workweek in Which Overtime Is Owed**

Some employees may earn a straight hourly rate with no other compensation. If that is the case, the regular rate is their hourly rate of pay, and you do not need to complete any of the below calculations in this step. But if the employee earns any additional compensation, this compensation will usually need to be included in the [regular rate of pay](https://webapps.dol.gov/elaws/whd/flsa/otcalc/i2.asp) for overtime purposes. For information on what can be excluded from the regular rate calculation, *see* [Overtime Calculator—Statutory Exclusions](https://webapps.dol.gov/elaws/whd/flsa/otcalc/docstatexc.asp).

To determine regular rate of pay, add up all wages earned that workweek (straight time pay, shift premiums, nondiscretionary bonuses, commissions, etc.) and divide that number by the total hours worked in that week. See formula below.

*Total wages earned for the week = straight time pay + other compensation*

*Regular rate of pay per hour = Total wages earned for the week ÷ hours worked*

**Step 5: Determine the Overtime Pay**

Calculate the overtime pay amount using the regular rate. Overtime pay is at the rate of 1.5 times the regular rate. Because the employee's one times the rate is already included in the straight time pay, we want to determine the additional overtime pay amount by taking the regular rate times 0.5, times the number of overtime hours for that week. See formula below.

*Overtime pay = regular rate x 0.5 x OT hours*

**Example**

*Scenario:* A calendar for ABC Corporation's pay period is below. ABC operates a Sunday-through-Saturday workweek. The current pay period is May 1st-May 15th. To make it easy, let's assume the employee's only earnings for each workweek was an hourly wage of $20 an hour.

Below are the dates in workweek and number of hours worked on those days:

First workweek in pay period:

April 28: 0

April 29: 8

April 30: 8

May 1: 8

May 2: 8

May 3: 10

May 4: 0

Total hours in workweek: 42

Total hours associated with pay period May 1st -May 15th: 26

Second workweek in pay period:

May 5: 0

May 6: 10

May 7: 8

May 8: 8

May 9: 8

May 10: 10

May 11: 0

Total hours in workweek: 44

Total hours associated with pay period May 1st -May 15th: 44

Third workweek in pay period:

May 12: 0

May 13: 8

May 14: 8

May 15: 8

May 16: 8

May 17: 10

May 18: 0

Total hours in workweek: 42

Total hours associated with pay period May 1st -May 15th: 24

In the above information, hours were counted for each workweek in the pay period; the total hours paid in the pay period were also counted.

The first week is split with the prior pay period. Because the workweek ends in this pay period, we do want to pay any overtime earned for that entire workweek. The employee worked 42 total hours in the workweek of Sunday, April 28th-Saturday, May 4th. Therefore, the employee is owed 2 hours of OT premium, even though only 26 of those hours are paid in this pay period.

Because the employee did not receive any additional compensation beyond hourly wage, employee's regular rate is going to be equal to his or her hourly rate of $20 an hour. The overtime premium is 0.5 times the regular rate ($20 \* 0.5 = $10). Overtime pay for this employee for the first week will be 2 hours times $10 an hour, for a total of $20.

The week beginning May 5 is a complete workweek in the pay period, and the employee worked 4 hours of overtime that week. Because again there was no additional compensation beyond the hourly wage of $20, we already know the overtime premium to be $10. Overtime pay for that week will be $10 x 4 OT hrs. = $40.

The last workweek is split and does not end in the current pay period. Payroll will calculate and pay overtime for this workweek in the next pay period.

Total overtime pay for this employee's semimonthly payroll is $60 ($20 + $40 + $0).

**Step 6: Record Overtime Earnings by Workweek and Pay Period**

The Department of Labor requires employers to [record](https://www.dol.gov/general/topic/wages/wagesrecordkeeping)the total overtime earnings paid to an employee for the workweeks covered in an employer's pay period. Employers should also review state record-keeping requirements. Some states require overtime hours and/or earnings to be recorded and retained. A review of state wage statement laws would also help employers determine if overtime information must be recorded on wage statements provided to employees.

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