

SUBJECT: 2018 Performance Bonus Lump Sum Payment

DATE: May 8, 2018

TO: Labor Directors, Personnel Directors, Finance Managers, Labor Relations Managers

PAYMENT

The payment of the Performance Bonus Lump Sum Payment (Paragraph (99)(a)) will be paid to eligible employees in Roll 23 (week ending June 3, 2018) and distributed during week ending June 10, 2018.

ELIGIBILITY

The eligibility date for this payment is May 15, 2018. Employees who were active, on FMLA, or temporary layoff on May 15, 2018, or went on a qualifying Leave of Absence within 90 days of May 15, 2018, are defined as eligible. Such eligible employees shall receive a Lump Sum Payment of \$1,000.

ELIGIBILITY FOR PARTIAL PAYMENT

Otherwise eligible employees who retired or passed away during the twelve (12) month period prior to May 15, 2018 may be eligible for a partial payment (Paragraph (99)(b)). The payment schedule for deceased or retired employees will be based on the following table:

WEEKS WORKED	AMOUNT OF PAYMENT
13 weeks but less than 26 weeks worked	\$250
26 weeks but less than 39 weeks worked	\$500
39 weeks or more worked	\$750

OVERTIME RECALCULATION PAYMENT

The Fair Labor Standard Act (FLSA) dictates an overtime recalculation for the Performance Bonus Lump Sum Payment. The FLSA requires such bonuses to be rolled into the FLSA "regular rate" for the purpose of calculating overtime payments. The basic premise of the FLSA is that hours WORKED over 40.0 in a week must be paid at a minimum of time and one-half. When awards are based on a percentage of defined wages, this isn't an issue because overtime payments are included in the definition. The Performance Bonus Lump Sum Payment is not based on a percentage of wages, so a portion of the bonus must be attributed to each hour worked to calculate overtime due to employees.

Below is an example of the simplified version of the formula payroll will use to calculate the overtime recalculation payment. The overtime recalculation payment will be paid to eligible employees in Roll 24 (week ending June 10, 2018), and distributed during week ending June 17, 2018. Overtime recalculation payments tend to cause questions among the workforce because the amounts paid to employees vary, depending on the number of hours in excess of 40.0 the employee worked each week, during the qualifying eligibility period (May 16, 2017 through May 15, 2018). Please keep this in mind as employees receive their overtime recalculation payment.

Performance Bonus Payment	\$1,000	
Total Hours Worked during qualifying year	2,500 hours	
OT-HF Recalculation Rate	\$0.20	$(\$1,000 / 2,500 \text{ hours}) * \frac{1}{2} = \0.20
OT-HF hours paid during qualifying year	400 hours	
OT Recalculation Payment Amount	\$80.00	$\\$0.20 * 400 \text{ hours} = \\80.00

If you have any questions concerning the Performance Bonus Lump Sum Payment, please contact me.

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