

# Annualised Salaries

UKG Payroll helps organisations **minimise compliance risk** in the interpretation and application of complex regulatory clauses.

In early 2020, the Fair Work Commission made determinations that added new rules about annualised salaries in multiple awards. These changes affect full-time employees who are paid an annual salary under one of the awards outlined by the Commission. Employers hold the responsibility of ensuring their employees are paid correctly. This means employers need to be certain that the annual salary they are paying an employee is equal to, or exceeds, the total they should receive (including award entitlements) under the modern award.

**UKG Payroll** by Payroll Metrics complies with the annualised salary clauses in the prescribed Modern Awards dated 2020. Full-time employees paid an annual salary under an award with annualised wages provisions must have their salary compared each pay period with the amount they would be entitled to under the award.

The process that UKG Payroll implements to ensure our customer comply with these clauses is:



## Setup

Employers document the number of overtime and penalty hours implied in an employee's salary. These values are referred to as outlying values and are stored in the software for comparing earnings each pay period.



## Time Recording

Employees record their daily start and finish times. Employees sign their timesheets electronically; the software stores the signed timesheets.



## Compare Earnings

Each pay period, the software calculates employees' award-compliant payments based on the recorded daily start and finish time and compares these with the outlying overtime and penalty hours. When the outlying amounts are exceeded the software notifies payroll administration.



## Reporting

On an employee's anniversary, a reconciliation report, automatically generated by the software, compares the employee's annual earnings with the comparable amount that would have been paid under the award and reports any annualised salary under-payments. The reconciliation report is used to report under-payments when an employee terminates.

## Better Off Overall Testing

UKG Payroll can also be leveraged to report on whether the terms are more beneficial or less beneficial to employees in an agreement, compared to the terms in the relevant modern award. This visibility supports organisations in ensuring employees are better off overall.