

Annualised Salaries

The UKG Ready solution 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.

The entitlements that need to be taken into consideration in the calculation of an annualised salary include regular worked hours, overtime hours, allowances, penalty rates and leave loading. Other complexities in these rules include determining which job classifications can be paid an annual salary, what specific entitlements can and should be included in the annual salary, and whether both parties (being the employer and the employee) need to agree to the stipulations of the arrangement.

How it works: Complying with the Annualised Salary Clauses with the Support of the UKG Ready Solution

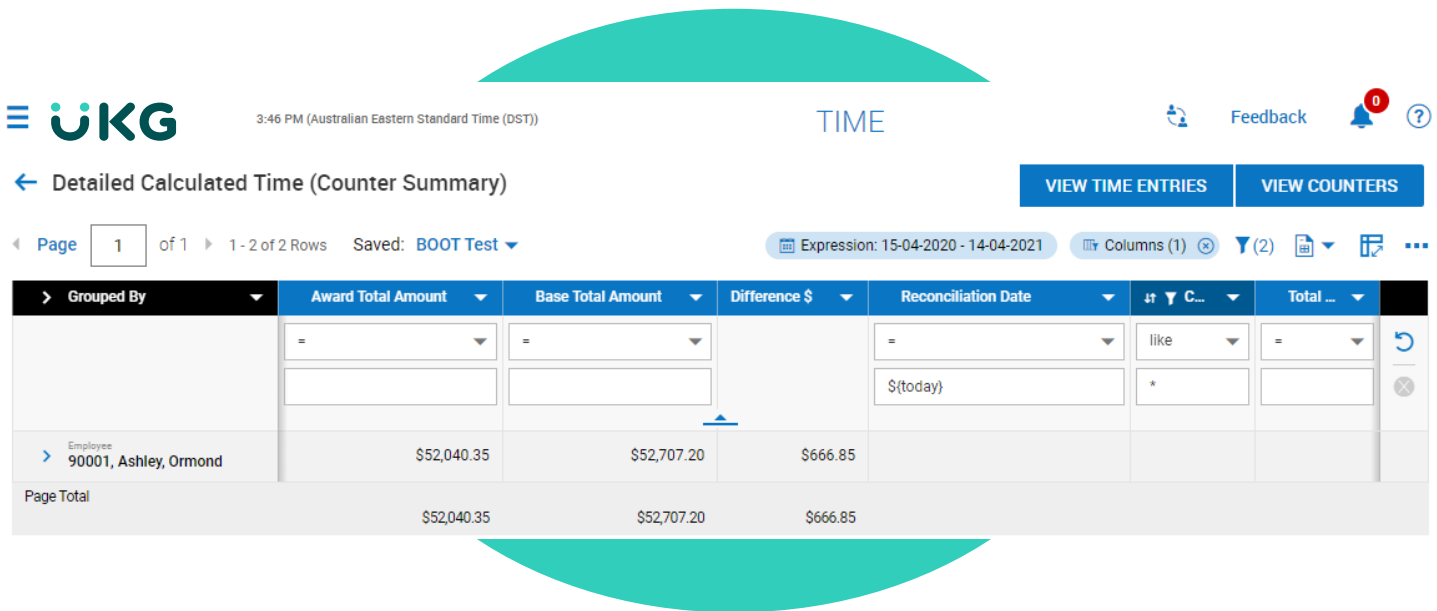
The award interpretation engine in UKG Ready Time Keeping supports organisations to minimise their compliance risk. The solution automates the process of ensuring employers are paying employees in accordance with the annualised wage arrangements rules set by the Commission. The UKG Ready solution will:

- Track the information required for each entitlement type by creating custom demographic fields that are added to the employee profile.
- Enable employees across the organisation to have different reconciliation dates. A report will run daily and (if desired) notify payroll of any employees that require reconciliation.
- Record how the employees would be paid in 2 different ways. The first being the salary record that calculates the total pay for that employee's specific salary, and the second being award record that calculates what would be paid to that employee under their relevant award.
- Run a parallel comparison each pay period for both the salary record and the award record.
- Enable you at any stage to work out the total entitlements (overtime, penalty rates, leave etc.) an employee has worked and therefore is entitled to receive.
- Ensure that if an employee needs to be paid their additional entitlements those payments will automatically be made in accordance with the annualised wage arrangement rules.



Reporting on and Demonstrating Compliance with Annualised Salaries Clauses

Using the Calculated Time Summary (Counters) report in the UKG Ready solution, a comparison is built to compare the hours/amounts paid against the hours/amounts worked. The difference is then calculated to determine if the employee is better off with the annualised salary or if they are not, meaning the employer is facing compliance risk due to violating the clauses set by the Fairwork Commission. This report is available to be displayed in the UKG Ready solution as a chart or dashboard. This data visualisation makes the information clear and accessible to business leaders.



This report shows the parallel comparison used to determine if an employee is better off overall.

The schedule (e.g. salaried) vs actual (i.e. hours worked) report compares side-by-side the hours scheduled to work against actual worked. This drilled down report with actuals figures enables business leaders to compare data so they can be certain that employees are being paid correctly. In an auditing scenario this report supports the organisation to provide evidence of compliance with the rules set by the commission.

Better Off Overall Testing

The UKG Ready solution 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.

Discover further functionality around managing compliance, comparative reporting, payroll efficiency, and more with UKG Payroll. UKG Payroll is available with your UKG Ready solution in Australia and New Zealand. Speak to a UKG representative on 1300 132 742 or contactus@ukg.com to learn more about managing annualised salaries through UKG Payroll, and the power of an all-in-one solution for workforce management, hcm, and payroll.