

NAVIGATING THE NOISE

HR Compliance Myth vs. Reality

Help clients spot hidden issues, prevent mistakes, and make smarter HR decisions.

HR compliance can get messy fast. Between federal, state, and local rules, many employers are doing their best to keep up—but are still relying on outdated habits, bad advice, or long-held assumptions that may no longer hold up. What seems like a small misunderstanding can quickly lead to bigger compliance, operational, and employee-related issues.

We are here to help you start smarter client conversations by breaking down common compliance myths, the legal realities behind them, and the business impact of getting them wrong.

IMPACT AT A GLANCE



**Financial
Exposure**



**Legal &
Regulatory Risk**



**Operational
Inefficiency**



**Employee Trust
& Experience**

WHERE MYTHS TURN INTO RISK

MYTH #1

"If an employee is paid a fixed salary, they are automatically exempt from overtime."

THE REALITY

Payment structure is only half the equation. To be legally exempt from overtime under the Fair Labor Standards Act (FLSA), an employee must meet specific salary threshold requirements and fulfill the applicable "duties test" defined by law. Job titles and salary status alone do not dictate exemption.

THE IMPACT

Misclassifying employees can result in substantial back-pay liabilities, audits, and statutory penalties. Ensuring your job descriptions and actual daily duties align with compliance standards is a critical baseline for operational health.

MYTH #2

"We can just classify our new workers as Independent Contractors (1099) to see if they're a good fit before hiring them full-time."

THE REALITY

You cannot use independent contractor status as a "trial period" for employment. The Department of Labor (DOL) and the IRS look at the actual economic realities of the relationship, and who has the most control. Specifically, they'll assess how much behavioral and financial control you have over the worker as well as whether they perform core business duties, use company equipment, or have set hours dictated by you.

THE IMPACT

Misclassification can have significant financial consequences, including back pay, back-taxes, unpaid workers' compensation premiums, and hefty penalties.

MYTH #3

"If an employee signs an 'At-Will' agreement, we can fire them at any time, for absolutely any reason, without risk."

THE REALITY

While employment at-will means either party can terminate the relationship without notice, and without good cause, it doesn't grant immunity from wrongful termination claims. You can never terminate someone for an illegal reason, such as discrimination (based on race, gender, age, religion, etc.) or for exercising their rights they're entitled to under federal and state employment laws.

THE IMPACT

Relying blindly on "at-will" without being able to show that there were performance or behavior issues leaves companies wide open to costly retaliation and wrongful termination lawsuits.

DON'T LET MYTHS DICTATE YOUR CLIENTS' COMPLIANCE RISK

Now that you are armed with the facts behind these common compliance misconceptions, take a look at your current book of business:



Have your clients stumbled into any of these legal traps in the past?



How have these hidden blind spots subtly impacted their bottom line or company culture?

You don't have to navigate these shifting gray areas alone, and your clients shouldn't have to guess their way through compliance. **Mitratesh** acts as your proactive compliance co-pilot, alerting you to exactly what your clients need to focus on every step of the way. By replacing regulatory guesswork with clear, actionable outcomes, we help you protect your clients' organizations while reinforcing your position as their most trusted advisor.



START THE CONVERSATION. SPOT THE GAPS.

Bring Mitratesh in when clients need clarity.