



Keep Your Restaurant Compliant

What You Need to Know About Tip Pools

Who in a restaurant can be included in a tip pool?

As more restaurants consider alternate pay models, it is essential to understand who can and cannot be included in a tip pool. The first important thing to consider is the definition of a **“regularly tipped employee.”** A regularly tipped employee is one that customarily and regularly has face-to-face interaction with patrons and receives \$30 or more per month in tips.

If you are considering a pay model where your regularly tipped employees (typically, front-of-house workers) are required to pool their tips or participate in a mandatory tip-out, you may continue to employ a tip credit (currently \$3.02/hour) towards these employee’s hourly wage. **Managers, supervisors, and owners may never participate in a tip pool or tip-out.**

If you are considering a mandatory tip pool that includes your non-regularly tipped employees (typically, back-of-house workers), there are a couple of requirements:

- For non-regularly tipped employees to participate in a tip pool or tip-out with regularly tipped employees, **you must pay the *entire* staff participating in the tip pool/tip-out the full minimum wage or more.**
- Also, when you include non-regularly tipped employees in a tip pool/tip-out of any kind, you are **no longer able to take a tip credit** towards the hourly wages of those participating in the pool.
- Should you wish to tip pool with non-regularly tipped employees, you also need to make patrons aware. You can choose to communicate through tabletop signage, a line at the bottom of menus, or a line on payment receipts. How you wish to word the disclosure is entirely up to you as long as it says that your business shares tips with all employees. (One example: *“We share tips with all of the employees who helped create your dining experience.”*)

You will also need to devise a plan for how the tip pool or tip-out will operate, and put that in writing for all employees to review and sign. This is commonly referred to as a “tip share agreement.” Todd Fredrickson, a labor attorney at Fisher Phillips and part of our [Legal Resource Center](#), can give limited advice and discounted member rates if you need help formulating the correct language.





If you have any questions about who can be included in a tip pool or tip-out or would like contact information for our Legal Resource Center, please call the CRA Government Affairs Department at 303-830-2972 or email info@corestaurant.org.