

## US Department of Labor Announces Final Rule on New Salary Levels for White Collar Overtime Exemptions



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On September 24, 2019, the United States Department of Labor (DOL) released its final Overtime Rule, which increases the minimum weekly salary threshold for white collar positions exempt from overtime. According to the Final Rule, the new minimum weekly salary for white-collar exempt positions will increase from \$455 to \$684 (or \$35,568 annually).

Other key changes include:

The Highly Compensated Executive ("HCE") minimum annual compensation level increases \$100,000 to \$107,432.

Employers may include non-discretionary bonuses and incentive payments (including commissions) that are paid as frequently as annually to satisfy up to 10% of the minimum required salary level.

The DOL has stated its intention to review and update the salary levels through rule-making on a more frequent basis.

The final Overtime Rule is effective January 1, 2020. The DOL estimates that 1.3 million currently exempt employees will become nonexempt as a result of the new rules.

A link to the DOL's Frequently Asked Questions is below:

[https://www.dol.gov/whd/overtime2019/overtime\\_FAQ.htm](https://www.dol.gov/whd/overtime2019/overtime_FAQ.htm)

It is important for employers to review the classification of employees to ensure compliance with the new rules. If current exempt employees do not meet the new salary threshold, employers will need to either (1) increase the employee's salary to meet the threshold, or (2) reclassify the employee as non-exempt and pay overtime for any hours worked in excess of 40 hours. There are a variety of ways to meet this overtime pay requirement for salaried, non-exempt employees.

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