

U.S. Department Of Labor Issues Final Overtime Exemption Rule

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On May 18, 2016, the United States Department of Labor (DOL) published its final overtime rule, which significantly changes the nature of who will qualify as salaried exempt employees under the executive, administrative, and professional exemptions (sometimes referred to as the "white collar exemptions"). The rule, which will go into effect on December 1, 2016, significantly increases the minimum amount of salary an employer must pay an employee in order to invoke the exemption from overtime for that employee. The prior rule set the minimum salary for an exempt employee under these exemptions as \$455/week (or \$23,660 annually). Beginning on December 1, 2016, the new minimum threshold will be \$913/week (or \$47,476 annually). Notably, this final version of the rule did not implement the change to \$970/week (or \$50,440 annually), as the DOL had proposed initially. In light of the changes, employers should obviously examine the salaries of all employees for whom they are currently claiming white collar exemptions to ensure that they will meet the new minimum salary requirements after the effective date of the new rule. In addition, employers may also want to use the opportunity strategically to review exempt and non-exempt classifications globally and time classification changes to the effective date of the new rule. More specifically, the changes to the rules can (and should) act as a catalyst to ensure that the employees meet the other components of the salaried exempt tests (i.e., whether the employees are paid on a salary basis, and whether the employees satisfy the job duties tests of the relevant exemptions).

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