



DOL ISSUES **FINAL OVERTIME RULE**

After much delay, the U.S. Department of Labor (DOL) released in late September its highly-anticipated changes to the overtime provisions of the Fair Labor Standards Act (FLSA). The changes, which go into effect on January 1, 2020, update the minimum salary thresholds (last set in 2004) an employer must pay to exempt executive, administrative or professional employees from the FLSA's minimum wage and overtime pay requirements. The changes will:

- **Raise the salary threshold from the current \$455 per week to \$684 per week (or \$35,568 annually)**
- **Raise the total annual compensation threshold for "highly-compensated employees" from the current \$100,000 per year to \$107,432**
- **Allow employers to use nondiscretionary bonuses and incentive payments (including commissions) that are paid at least annually to satisfy up to 10% of the salary level**

The DOL has estimated that the changes will make an additional 1.3 million employees eligible for overtime pay under the FLSA. The DOL has also stated that it intends to update the earnings thresholds more regularly in the future.

From an employer's perspective, things could have been even more impactful: the DOL had previously proposed nearly doubling the salary threshold to \$913 per week (or \$47,476 per year) and automatically increasing the threshold every three years.

For a more in-depth analysis of what the changes mean for your business, the importance of appropriately classifying employees and the steps to take to prepare for the effective date, contact a member of Bulkley Richardson's Employment group.



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