

# Important News for Employers: Salary Increase for Overtime Exemption

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On Tuesday of this week, the U.S. Department of Labor announced the final version of its overtime exemption rule, raising the annual salary threshold workers need to meet to qualify for the “white collar” exemptions under the Fair Labor Standards Act to \$35,568, or \$684 per week. The final rule updates the FLSA’s overtime exemptions for executive, administrative and professional workers and replaces a rule finalized by the department in 2016 that is currently enjoined.

This increases the threshold by about \$12,000 from the current \$23,660 annual salary that was last updated in 2004. In its proposed rule, the DOL had asked for public comments on a plan to increase the threshold every four years going forward. However, the agency did not adopt the plan in its final rule, noting that doing so would deprive it of “flexibility to adapt to unanticipated circumstances.”

Additionally, the new rule raises the “highly compensated” worker threshold from \$100,000 to \$107,432. The highly compensated employee exemption covers highly paid workers who perform some managerial duties, though employees designated as highly compensated have less-stringent requirements for exemption from overtime.

The new rule will take effect Jan. 1, 2020.

If you need more information on the FLSA’s updated overtime exemptions or any other matter, please contact Nexsen Pruet’s Employment & Labor Law team.

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