

# HR Compliance: Overtime Ruling Update

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# FLSA Overtime Ruling: History

 **2016:** Overtime ruling was deemed unlawful days prior to implementation date

 **2019:** Salary threshold was increased to \$684/week (level prior to 7/1/2025)

 **2024:** DOL issues final ruling increasing the salary threshold on 7/1 and 1/1/2025

 **2024:** Federal court in TX hearing cases challenging the DOL's update

# DOL Overtime Ruling

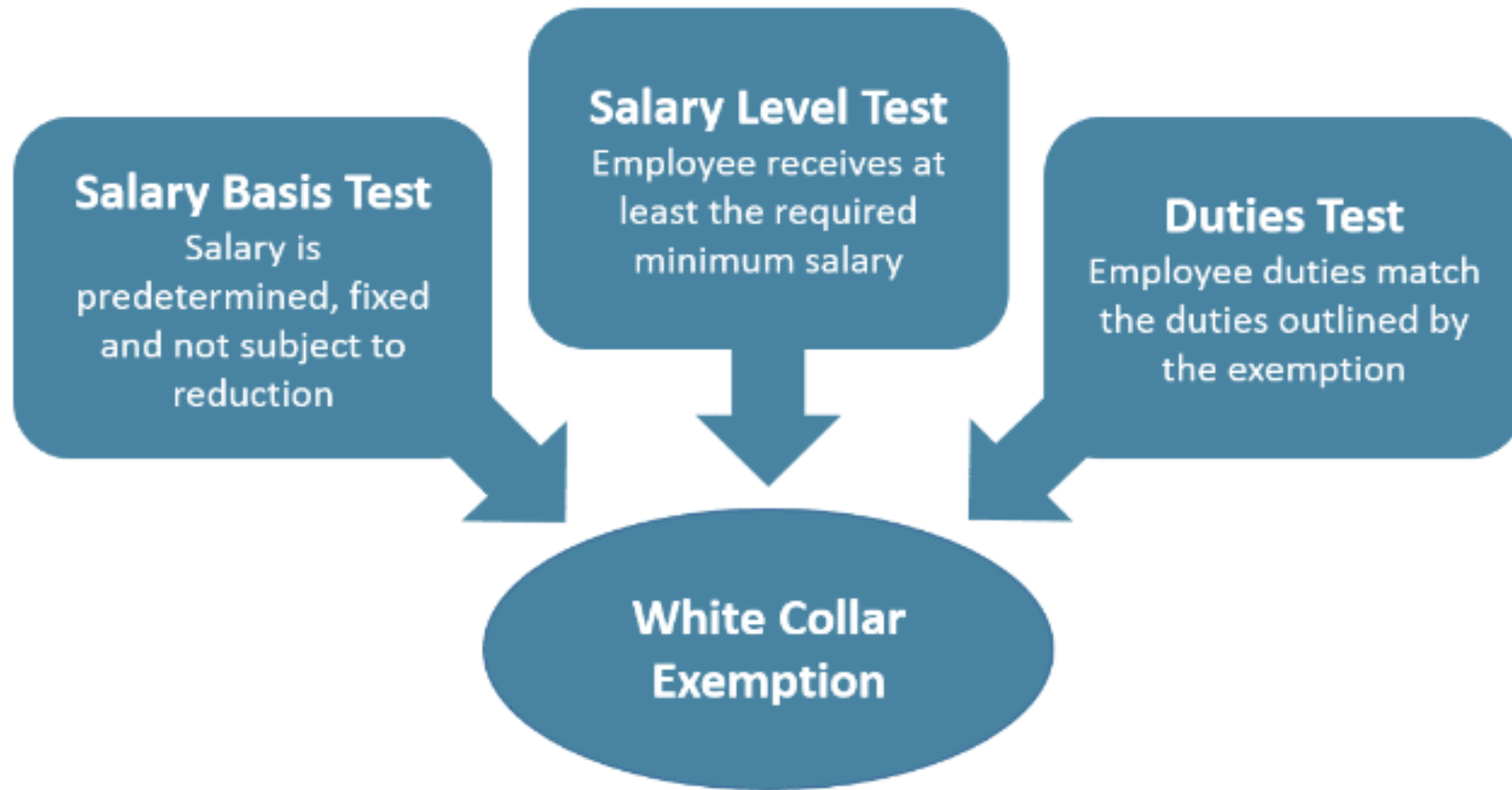
Date:	Most salaried workers earning less than:
Currently <i>(before 7/1/2024)</i>	<b>\$684/week</b> (\$35,568/year)
<b>July 1, 2024</b>	<b>\$844/week</b> (\$43,888/year)
<b>January 1, 2025</b>	<b>\$1,128/week</b> (\$58,656/year)

## WHAT CHANGED ON JULY 1<sup>st</sup>?

Effective July 1, 2024, the minimum salary threshold required for the exemption from overtime will increase from **\$684** to **\$844** per week or **\$43,888 / year**.

Effective July 1, 2024, the minimum total compensation requirement for the HCE exemption will increase to **\$132,964 / year**.

# Salary + Duties Test = Exempt



# Future Updates Every 3 Years

The final rule includes a mechanism to **automatically update the salary and total compensation** thresholds **every three years** to be determined by the DOL using earnings data published by the U.S. Bureau of Labor Statistics. The next update will take place on **July 1, 2027**.

# Repercussions of Non-Compliance

- **Backpay** - If discovered, Employer would be responsible for all back pay due for OT
- **Payroll Taxes** – Employer would be responsible for Employer + Employee portion of payroll taxes
- **Lookback Period** – The DOL can review records dating back 3 years
- **Penalties and Fees** - DOL can impose penalties. Employer could be responsible for attorney fees

# How to Prepare

- **Review the final rule and guidance.** The DOL has published a copy of the [final rule \(PDF\)](#) and answers to [frequently asked questions](#).
- **Review current classifications.** Take this opportunity to review all exempt classifications to ensure that employees still qualify under the existing duties tests.
- **Evaluate the impact on your business.** This includes identifying those employees who currently earn less than \$844 per week (second half of 2024) and \$1,128 per week (2025) and are classified as exempt from overtime.
- **Watch for potential updates.** The final rule will likely face legal challenges. We will be monitoring the status of the rule closely.

# Overtime Ruling FAQ

- Can we have a "No Overtime" Policy?
- How do we calculate hours for employees who don't track hours?
- How does this new rule interact with state wage laws?
- Do bonuses/commissions count toward the salary threshold?





# THANKS FOR ATTENDING!



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