

Publication

04/24/2024

New Final Overtime Rule Set Forth by the Department of Labor

On Tuesday, April 23, 2024, the U.S. Department of Labor ("DOL") announced its final overtime rule, Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees, which revises the administrative, executive, and professional exemptions to the minimum wage and overtime requirements of the Fair Labor Standards Act. Effective July 1, 2024, the final rule increases the minimum salary threshold from **\$35,568** (or **\$684** per week) to **\$43,888** (or **\$844** per week), meaning that those employees who earn less than this amount automatically would be eligible for overtime pay, regardless of job duties. On January 1, 2025, the minimum salary threshold will increase again from **\$43,888** (or **\$844** per week) to **\$58,656** (or **\$1,128** per week).

The final rule also increases the minimum salary threshold for "highly compensated" employees from **\$107,432** to **\$132,964** on July 1, 2024, and from **\$132,964** to **\$151,164** on January 1, 2025. The new minimum salary thresholds under the final rule represent a substantial increase from the current thresholds and are higher than thresholds in the DOL's August 2023 proposed rule based on new Bureau of Labor Statistics salary data.

The final rule further implements an automatic update to these thresholds **every three years** based on the latest earnings data to provide employers with a predictable

CLIENT SERVICES

Business
Labor & Employment
Wage & Hour

RELATED PEOPLE

Jason C. Kim
Jonathan R. Ksiazek



timeframe for future adjustments. The first update will occur on July 1, 2027, and updates will continue every three years thereafter.

The final rule will be published in the Federal Register for public inspection before its formal publication. Once published in the Federal Register, the final rule will take effect on July 1, 2024, pending any legal challenges. According to the Biden Administration, approximately four million additional workers would be entitled to overtime from the proposed rule once the January 1, 2025, threshold is enacted. To comply, employers either would need to increase employee compensation to meet the new minimum or provide overtime to employees whose salaries no longer meet the minimum. Employers should evaluate their exempt workforce now to determine the potential impact of the proposed rule on their salaried exempt workforce.

If you have any questions concerning this rule proposal, do not hesitate to contact Jason Kim, Jonathan Ksiazek, or your Neal Gerber Eisenberg attorney.

The content above is based on information current at the time of its publication and may not reflect the most recent developments or guidance. Neal Gerber Eisenberg LLP provides this content for general informational purposes only. It does not constitute legal advice, and does not create an attorney-client relationship. You should seek advice from professional advisers with respect to your particular circumstances.