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DOL IMPLEMENTS NEW OVERTIME THRESHOLDS

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In a significant development, the US Department of Labor has finalized a rule that will increase compensation thresholds for overtime eligibility, using a dual-phase approach. Effective **July 1, 2024**, the salary threshold will increase to the equivalent of an annual salary of $43,888. On **January 1, 2025**, the threshold will further escalate to $58,656, as the rule's new methodology takes effect.

Employees who fall under the FLSA's "white collar" executive, administrative and professional exemptions are not eligible for overtime pay. To qualify for these exemptions, employees must be paid a salary of at least the threshold amount and meet certain "duties tests." If employees are paid less than the threshold or do not meet the duties tests, they must be paid 1.5 times their regular hourly rate for hours worked in excess of 40 in a workweek.

The July 1 threshold increase builds upon the present annual salary threshold of $35,568, as established by the prior administration in a 2019 overtime rule update. The subsequent enhancement on January 1, 2025 reflects the implementation of the rule's revised methodology, culminating in an additional increase.

Looking ahead, starting July 1, 2027, these salary thresholds will undergo triennial updates, leveraging up-to-date wage data to determine new salary levels.

Berger Singerman's Labor and Employment Practice remains committed to keeping you informed about significant developments that may affect your business operations. Should you have any questions or require further guidance on how this decision may impact your company, please contact Andrew Zelman, Ruth Vafek or any other attorney of Berger Singerman's Labor & Employment Practice.

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