

Compliance Alert

September 24, 2019

FLSA Overtime

The U.S. Department of Labor (DOL) announced on September 24, 2019, that it will publish a final overtime rule, setting the minimum salary threshold for overtime eligibility at **\$35,568** or **\$684** per week. This is an increase from the current amount of \$23,660 or \$455 per week.

The change will make an estimated 1.3 million additional U.S. workers eligible for overtime pay. The final rule will be effective January 1, 2020.

The threshold is slightly higher than the \$35,308 proposed in the rule's initial draft and also will allow employers to count non-discretionary bonuses, incentives and commissions (up to 10% of an employee's salary level), as long as those bonuses are paid annually.

The FLSA's exemption threshold for highly-compensated employees will be set at \$107,432, lower than in DOL's initial draft but still higher than the previous threshold of \$100,000.

The DOL "has not set out a time frame" for any automatic updates to the overtime eligibility threshold beyond what is included in the final rule. The DOL also announced that the final rules do not change the "duties test."