A Reminder that the DOL's Final Rule Increasing the Salary Thresholds for Salaried, Exempt Executive, Administrative, and Professional Employees Took Effect on July 1, 2024

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As we previously noted in our April 26, 2024 Client Alert entitled, "Overtime Protections Expanded for Millions of Workers," on July 1, 2024, the Department of Labor's Final Rule defining and delimiting the exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees under the Fair Labor Standards Act ("FLSA") took effect. The Final Rule increases the salary thresholds required to exempt a salaried executive, administrative or professional employee from federal overtime pay requirements.

The salary threshold increases will occur in two phases. First, on Monday, July 1, 2024, the salary threshold for salaried exempt executive, administrative and professional employees increased to $43,888 per year – an approximately $8,000 per year increase from the prior salary threshold of $35,568. Effective July 1, 2024, employers must pay their exempt executive, administrative, and professional employees a salary of at least $844 per week to satisfy the increased salary threshold under the Final Rule.

Then, effective January 1, 2025, the threshold will increase to $58,656 per year (with the weekly minimum salary increasing to $1,128 per week). Thereafter, the salary thresholds will then automatically update every three years, beginning July 1, 2027.

The Final Rule also increased the annual salary threshold for the Highly Compensated duties exemption from $107,432 per year to $132,964 per year. That increase also took effect on Monday, July 1, 2024. The Highly Compensated exemption's annual salary threshold is scheduled to increase again on January 1, 2025 to $151,164 per year.

Although the Final Rule expands overtime protections to lower-paid



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salaried exempt workers and provides for regular updates to ensure predictability, the Department of Labor has not made any substantive changes to any of the other provisions set forth in the salary basis or job duties tests.

If they have not already done so, employers must be sure to re-evaluate their workforce to properly adjust salaries or reclassify employees as needed to comply with the Final Rule's new salary threshold.

Please contact any member of our Labor, Employment, and Employee Benefits Group if you have questions about the Final Rule or classifications under the FLSA.

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