

How to Evaluate Impact of Overtime Exemption Final Rule

On April 23, 2024, the U.S. Department of Labor released a final rule that will increase the minimum salary requirement for the administrative, professional (including the salaried computer professional) and executive exemptions from \$684 per week to \$844 per week beginning **July 1, 2024**. Effective **January 1, 2025**, the minimum salary required for these exemptions will increase to \$1,128 per week. Employers will continue to be allowed to use nondiscretionary bonuses, incentive payments, and commissions to satisfy up to 10 percent of the minimum salary requirement for the administrative, professional and executive exemptions, as long as these forms of compensation are paid at least annually. The final rule will also increase the total annual compensation requirement for the "highly compensated employee" exemption to \$132,964 (at least \$844 must be paid on a weekly salary basis) beginning **July 1, 2024**. Effective **January 1, 2025**, the minimum total compensation requirement for this exemption will increase to \$151,164 per year (at least \$1,128 per week that must be paid on a salary basis). This flowchart can be used to help you evaluate the potential impact of the final rule.



* Under the FLSA, non-exempt employees must be paid at least the minimum wage for each hour worked and overtime whenever they work more than 40 hours in a workweek. To be classified as exempt from these requirements, an employee must generally: (1) be paid on a salary basis; (2) meet the minimum salary requirement; and (3) satisfy certain duties tests. **Note:** Exempt computer professional employees may also be paid hourly, if it is at least \$27.63 per hour, which won't change under the final rule. The outside sales employee exemption is not impacted by the final rule.

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