

BURR ALERT

U.S. Department of Labor Issues New Overtime Regulations

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On May 18, 2016, the U.S. Department of Labor ("DOL") issued its final changes to the federal overtime regulations. The final regulations make significant changes to common white collar exemptions from the federal overtime requirements, including those applicable to executive, administrative, and professional employees. Millions of employees who were previously not eligible for overtime will be eligible when the new regulations take effect on **December 1, 2016**.

Specifically, the final regulations make the following changes:

- 1) Increase the minimum salary level required for exemption for salaried workers to \$913 per week or \$47,476 annually (previously the minimum salary level was \$455 per week or \$23,660 annually);
- 2) Increase the minimum total annual compensation for highly compensated employees from \$100,000 to \$134,004;
- 3) Amend the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of the new standard salary level; and
- 4) Establish a mechanism to automatically update minimum salary and compensation levels every three years, which will be tied to the 40th percentile of full-time salaried workers in the lowest income Census region (the first update will take effect on January 1, 2020).

Importantly, the final regulations do not make changes to the "duties" tests applicable to the exemptions. The DOL had previously requested comments regarding potential changes to the duties tests, but no specific regulatory changes were proposed.

Again, employers must comply with the new regulations by **December 1, 2016**. The initial increases to the standard salary level (from \$455 to \$913 per week) and the highly compensated total annual compensation requirement (from \$100,000 to \$134,004 per year) will be effective on that date.

Employer options for compliance with the new regulations are discussed in the following Burr Alerts:

- › [Changes to Federal Overtime Exemption Rules Coming in July 2016: What Your Workplace Must Know and Do to Prepare](#)
- › [Six Options For Complying With New DOL FLSA Salary Rules](#)

Additional information regarding the final regulations and their impact is discussed in this [article](#). We will continue to monitor this area of the law and any changes or updates that follow.

If you would like more information, please contact:

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