

LEGAL UPDATE



DOL Announces Final Overtime Rule Increasing Salary Levels for White-collar Employees

On April 23, 2024, the U.S. Department of Labor (DOL) [announced](#) a final rule to amend current requirements employees in white-collar occupations must satisfy to qualify for an overtime exemption under the Fair Labor Standards Act (FLSA). The [final rule](#) will take effect on July 1, 2024.

Increased Salary Level

The FLSA white-collar exemptions apply to individuals in executive, administrative, professional, and some outside sales and computer-related occupations. Some highly compensated employees may also qualify for the FLSA white-collar overtime exemption.

To qualify for this exemption, white-collar employees must satisfy the standard salary level test, among other criteria. This salary level is a wage threshold that white-collar employees must receive to qualify for the exemption.

Starting July 1, 2024, the DOL's final rule increases the standard salary level from:

- \$684 to \$844 per week (\$35,568 to \$43,888 per year); and
- \$107,432 to \$132,964 per year for highly compensated employees.

On Jan. 1, 2025, the standard salary level will then increase from:

- \$844 to \$1,128 per week (\$43,888 to \$58,656 per year); and
- \$132,964 to \$151,164 per year for highly compensated employees.

Automatic Updates

The DOL's final rule also includes mechanisms allowing the agency to automatically update the white-collar salary level thresholds without having to rely on the rulemaking process. Effective July 1, 2027, and every three years thereafter, the DOL will increase the standard salary level. The agency will apply up-to-date wage data to determine new salary levels.

Impact on Employers

The first salary level increase in July is expected to impact nearly 1 million workers, while the second increase in January is expected to affect approximately 3 million workers. Employers should become familiar with the final rule and evaluate what changes they may need to adopt to comply with the rule's requirements. Legal challenges to the rule are anticipated, which may delay the final rule's implementation.

HIGHLIGHTS & IMPORTANT DATES

April 23, 2024

The DOL announces a final rule amending the current requirements white-collar employees must satisfy to qualify for FLSA overtime exemptions.

July 1, 2024

The standard salary level for white-collar employees will increase from \$684 to \$844 per week (\$35,568 to \$43,888 per year) and from \$107,432 to \$132,964 per year for highly compensated employees.

Jan. 1, 2025

The standard salary level for white-collar employees will increase from \$844 to \$1,128 per week (\$43,888 to \$58,656 per year) and from \$132,964 to \$151,164 per year for highly compensated employees.

July 1, 2027

The DOL will start automatically updating the standard salary level every three years.