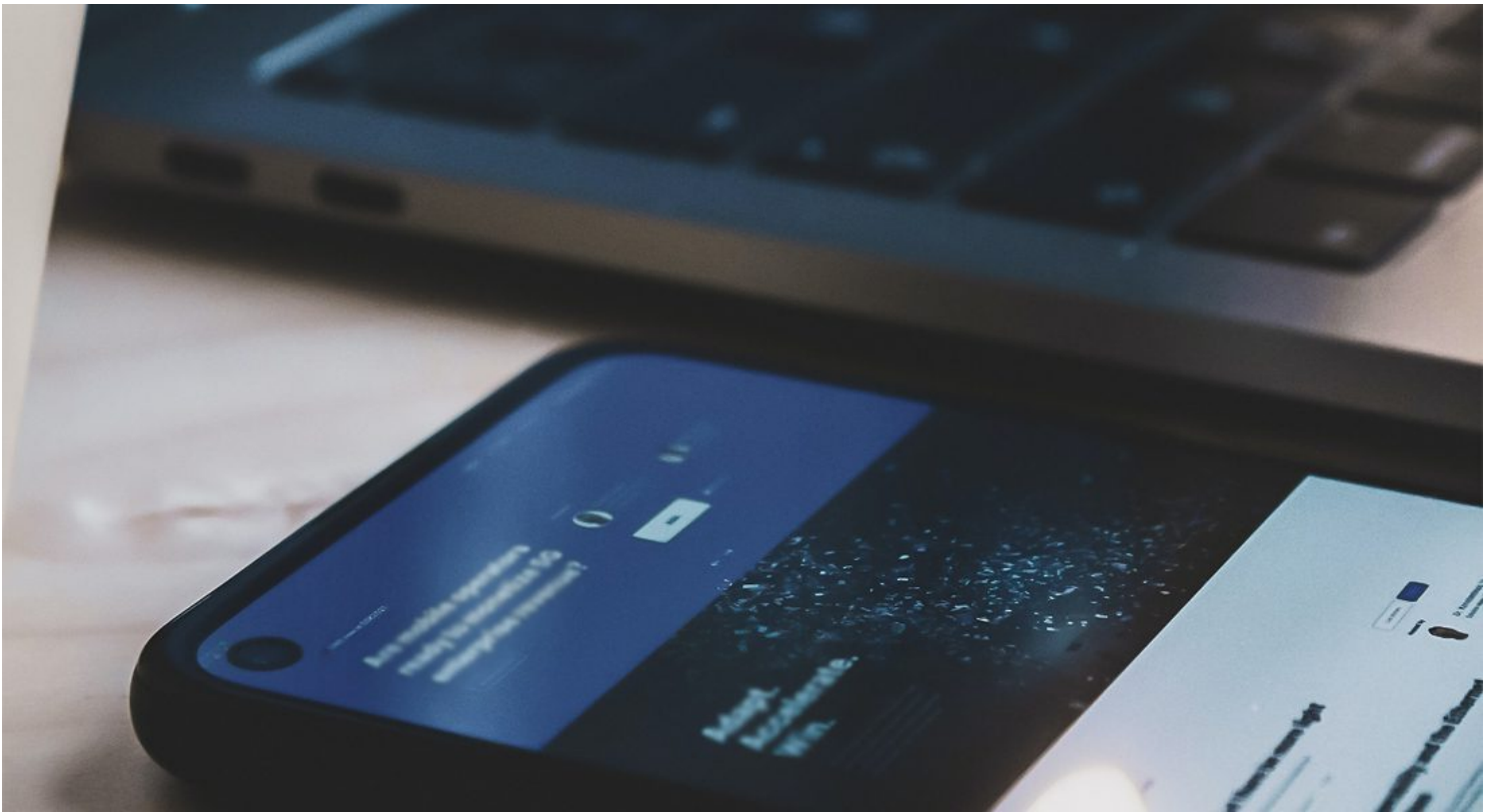


NEWS & INSIGHTS

DOL Releases Final Overtime Rule; Mandates Compliance by January 1

INSIGHTSLEGAL UPDATE

SEPTEMBER 24, 2019



The U.S. Department of Labor (DOL) announced today the final version of its overtime exemption rule, officially setting the minimum salary threshold for overtime eligibility at \$35,568 per year or \$684 per week. This threshold is \$260 more than that which was proposed in the [March 2019 draft rule](#), but roughly \$12,000 lower than the rule proposed by the Obama Administration. In addition, the final rule allows employers to count non-discretionary bonuses, incentives and commissions as up to 10% of an employee's salary level, so long as the bonuses are paid annually.

The new rule also raises the exemption threshold for "highly compensated employees" to \$107,432. This exemption

covers higher-paid employees performing managerial duties. However, Pennsylvania employers are not permitted to use this as a basis to deny employees overtime since Pennsylvania law does not recognize this as a valid exemption. The final rule updates the earnings thresholds necessary to exempt executive, administrative, or professional employees from the Fair Labor Standards Act (FLSA) minimum wage and overtime pay requirements. The new rule does not include automatic updates every three years as proposed by the Obama Administration, providing flexibility for the DOL to re-evaluate the effectiveness of the rule as needed.

Action Required for Employers

The rule is effective on January 1, 2020 therefore, employers must take immediate steps to ensure compliance within the next three months. Employers will need to conduct internal audits to review job duties, identify impacted employees and evaluate potential re-classification of affected individuals.

Saxton & Stump attorneys [Morgan S. Hays](#) and [Richard L. Hackman](#) are available to discuss how the final rule may impact your organization and how our [Labor and Employment Law Group](#) can help you prepare and obtain compliance by the January 1 deadline.

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