

Overtime – The Final Rule

In 2014, President Obama directed the Secretary of Labor to update the overtime regulations to reflect the original intent of the Fair Labor Standards Act, and to simplify and modernize the rules so they're easier for workers and businesses to understand and apply. The Department of Labor has issued a final rule that will put more money in the pockets of middle class workers - or give them more free time.

The Final Rule will:

- Raise the salary threshold indicating eligibility from \$455/week to \$913/week (\$47,476/year), ensuring protections to 4.2 million workers.
- Automatically update the salary threshold every three years, based on wage growth over time, increasing predictability.
- Strengthen overtime protections for salaried workers already entitled to overtime.
- Provide greater clarity for workers and employers.

The final rule will become effective on December 1, 2016, giving employers enough time to prepare. The final rule does not make any changes to the duties test for executive, administrative and professional employees.

In response to the new overtime rule, employers have the following options:

1. Pay time and a half for overtime work
2. Raise worker' salaries above the new threshold
3. Limit workers' hours to 40 per week
4. Some combination of the above

For more information, please see the following:

<https://www.dol.gov/WHD/overtime/final2016/>

<https://www.dol.gov/sites/default/files/overtime-overview.pdf>

<https://www.dol.gov/whd/overtime/final2016/SmallBusinessGuide.pdf>

Source: United States Department of Labor