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DOL Issues New Overtime Exemption Rule

The U.S. Department of Labor released its highly anticipated final rule governing the new salary threshold for the “white collar” overtime exemptions. **Effective January 1, 2020**, the final rule raises the salary threshold for exempt white-collar workers to \$35,568 per year.

The Obama administration’s attempt to raise the salary threshold to \$47,476 in 2016 was enjoined by a federal judge. The appeal of that injunction remains pending before the Fifth Circuit.

The white-collar salary threshold was last raised by the George W. Bush administration in 2004 and the new increase to \$35,568 appears to be a compromise with the Obama administration’s proposed increase. The DOL declined to include the Obama administration’s controversial proposal to require automatic increases to the salary threshold every three years.

The DOL also made changes to the “highly compensated” employee exemption. The new salary threshold for highly compensated workers will increase from \$100,000 to \$147,414.

Employers should take this opportunity to review the classification of employees who fall under the “white collar” exemptions to ensure that they: [1] meet the salary threshold; and [2] satisfy the substantive requirements necessary for the employee to be properly classified as exempt from overtime.

Questions? Contact Stokes Wagner.