

# Legal Minute

## NEW LAW ON OVERTIME PAY

The Department of Labor's New Law on Overtime Pay will Likely Affect your Business!

The United States Department of Labor (DOL) updated the earnings threshold necessary to exempt many salaried employees from overtime laws. The new law raised the "standard salary level" from the currently enforced level of \$455 per week to \$684 per week (equivalent to \$35,568 per year). This will make 1.3 million American employees eligible for overtime pay at the rate of 1.5 times their average hourly wage for all hours worked in excess of 40 in a workweek, when these employees were previously exempt from this law.

Additionally, in recognition of evolving pay practices, the new rule permits employees to use nondiscretionary bonuses and incentive payments, including commissions, paid at least annually to satisfy up to 10% of the standard salary level.

If employers decide to reclassify employees to nonexempt status, they will need to track affected workers' work time and pay overtime premiums for all hours worked beyond 40 in a workweek. It will be important for employers to develop a way for employees to track their time if they are not doing so already and to train employees on these time-keeping procedures.

Reach out to your employment attorneys to assist you with complying with the new law if you have employees that you treat as exempt from overtime laws that are making less than this new amount. The new law goes into effect on January 1, 2020, so there is still time to plan for compliance.

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