

HR Compliance Update: Overtime Ruling – 2024

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Agenda

- ▶ Key Terms to Know
- ▶ Brief Review of Exempt vs. Non-Exempt
- ▶ What Exactly is Changing
- ▶ Dates to Remember
 - ▶ July 1, 2024
 - ▶ January 1, 2025
 - ▶ 3 Years - Increase
- ▶ How to Prepare



Key Terms to Know



Exempt – Exempt from Overtime / Salary Only



Non-Exempt – Eligible for Overtime / Hourly or Salary

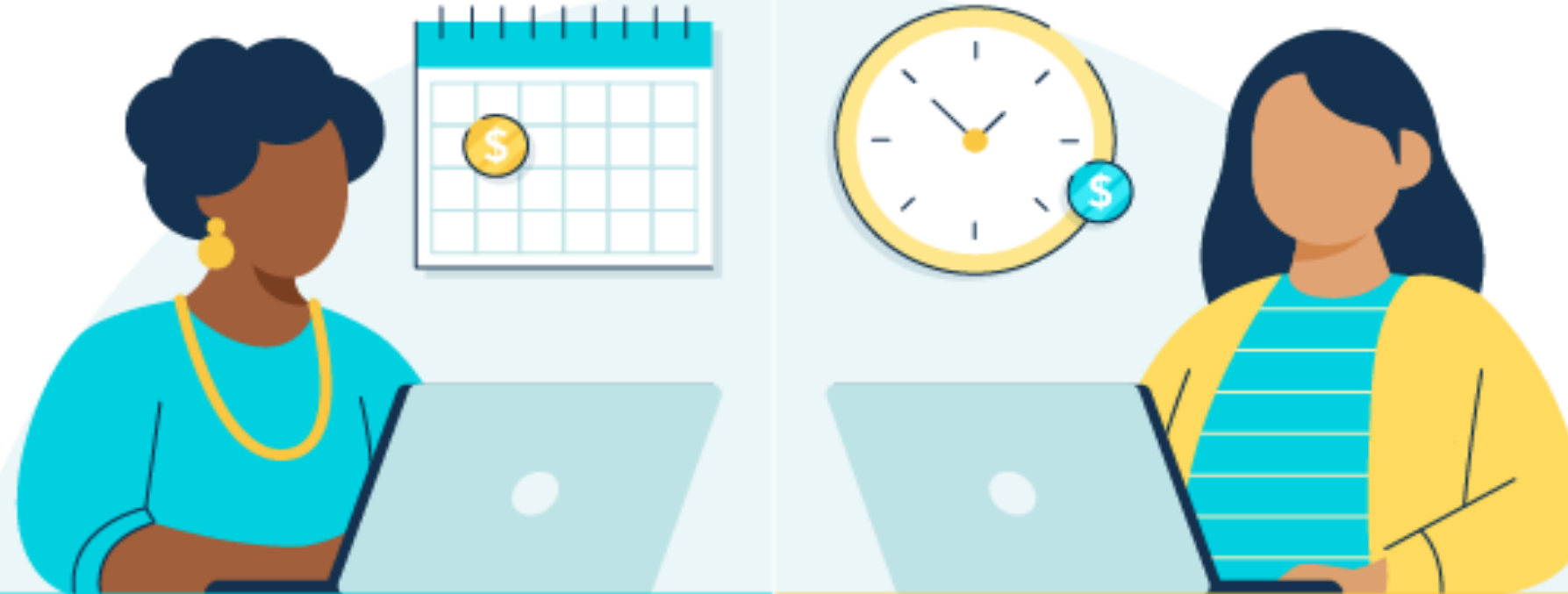


FLSA - Fair Labor Standards Act (DOL)



Workweek – 7 day period to measure overtime hours

Exempt vs. Non-Exempt



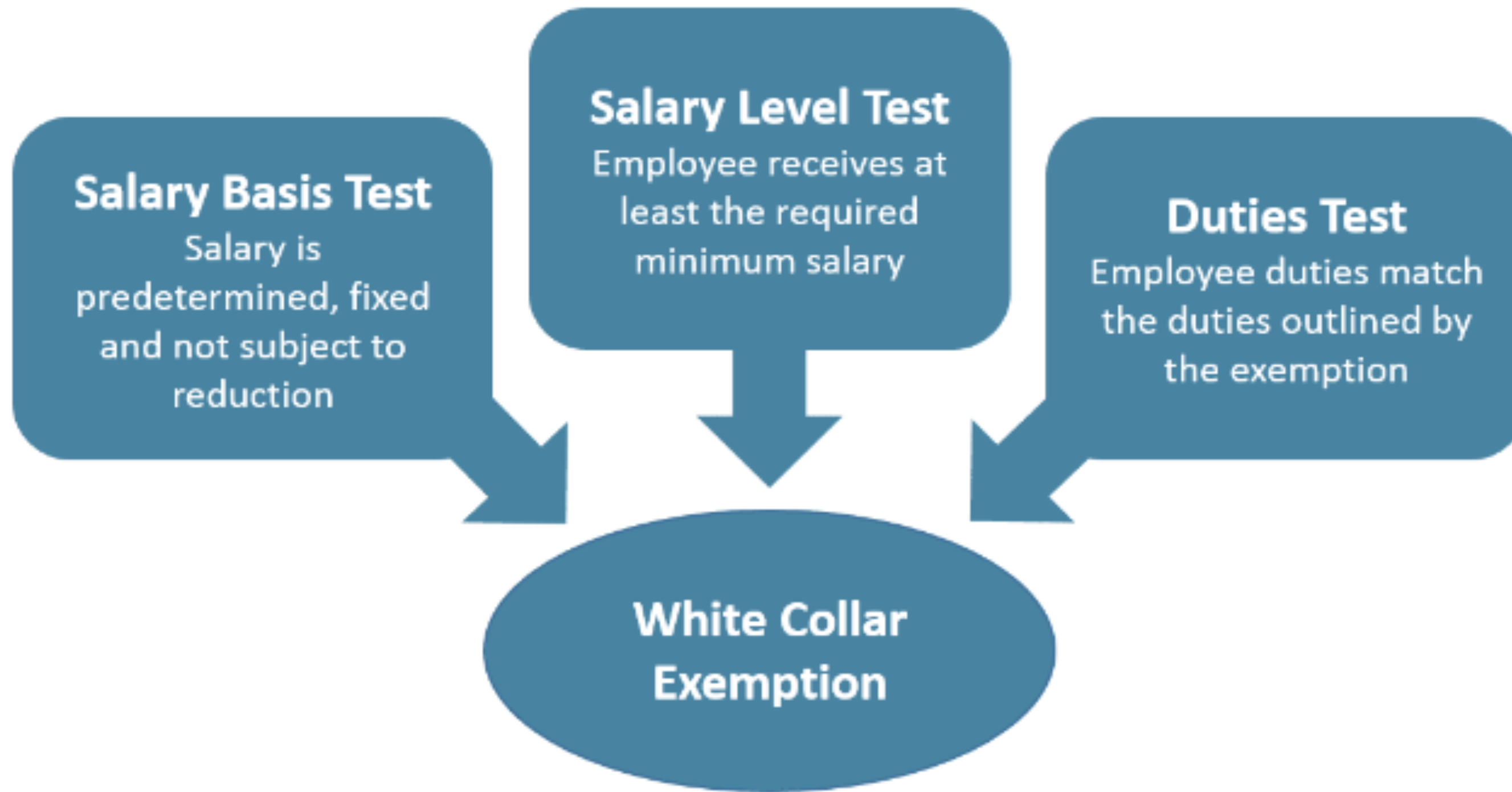
Exempt employees

- Receive a regular salary
- Payment depends on hours worked
- Earn at least \$684 per week or \$35,568 annually

Nonexempt employees

- Must pass the duties test
- Earn at least minimum wage
- Receive 1.5 times pay for overtime

Salary + Duties Test



Duties Test

White Collar Exemptions Apply to:

- Executive, administrative and professional employees
- Outside sales personnel
- Certain computer employees
- Certain highly compensated employees

[Fact Sheet #17A: Exemption for Executive, Administrative, Professional, Computer & Outside Sales Employees Under the Fair Labor Standards Act \(FLSA\) | U.S. Department of Labor \(dol.gov\)](#)

****NOTE: The Executive exemption requires the management of 2 or more employees. Administrative is very difficult to meet.***

What is Changing July 1, 2024?

Effective July 1, 2024, the minimum salary required for the EAP exemptions from overtime will increase from \$684 per week to \$844 per week (equivalent to \$43,888 per year).

Effective July 1, 2024, the minimum total compensation requirement for the HCE exemption will increase to \$132,964 per year, including at least \$844 per week that must be paid on a salary or fee basis.

Date:	Most salaried workers earning less than:
Currently	\$684/week (\$35,568/year)
July 1, 2024	\$844/week (\$43,888/year)
Jan. 1, 2025	\$1,128/week (\$58,656/year)

What is Changing Jan 1, 2025?

Effective January 1, 2025, the minimum salary required for the EAP exemptions from overtime under federal law will increase from \$844 per week to \$1,128 per week (equivalent to \$58,656 per year).

Effective January 1, 2025, the minimum total compensation requirement for the HCE exemption will increase to \$151,164 per year, including at least \$1,128 per week that must be paid on a salary or fee basis.

Date:	Most salaried workers earning less than:
Currently	\$684/week (\$35,568/year)
July 1, 2024	\$844/week (\$43,888/year)
Jan. 1, 2025	\$1,128/week (\$58,656/year)

Future Updates Every 3 Years

The final rule includes a mechanism to **automatically update the salary and total compensation** thresholds **every three years** to be determined by the DOL using earnings data published by the U.S. Bureau of Labor Statistics. The next update will take place on **July 1, 2027**.

How to Prepare

Here are some steps to consider taking now:

- **Review the final rule and guidance.** The DOL has published a copy of the [final rule \(PDF\)](#) and answers to [frequently asked questions](#).
- **Review current classifications.** Take this opportunity to review all exempt classifications to ensure that employees still qualify under the existing duties tests.
- **Evaluate the impact on your business.** This includes identifying those employees who currently earn less than \$844 per week (second half of 2024) and \$1,128 per week (2025) and are classified as exempt from overtime.
- **Watch for potential updates.** The final rule will likely face legal challenges. We will be monitoring the status of the rule closely.



THANKS FOR
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