



MEMORANDUM

SALARIED OVERTIME CHANGES

On April 23, 2024, the U.S. Department of Labor (DOL) issued a final rule that increases the minimum salary threshold for employees. The rule takes effect on July 1, 2024.

Salary Threshold Increases:

- Effective July 1, 2024: Minimum annual salary increases to \$43,888.
- Effective January 1, 2025: Further increases to \$58,656.
- Highly Compensated Employees: Threshold increases to \$132,964 in July 2024 and to \$151,164 in January 2025.
- Automatic Updates: Starting July 1, 2027, thresholds will automatically increase every three years.

Compliance Strategies:

- Employers should plan for salary adjustments or reclassification to comply with the new thresholds.
- Ensure compliance with state laws, which may have different requirements.
- Consideration of non-discretionary bonuses and incentive payments to meet salary thresholds (up to 10% for standard exemptions).

Legal and Practical Considerations:

- Potential legal challenges to the rule might affect the January 2025 increase.
- Employers should prepare for immediate compliance with no grace period.
- The rule does not change the duties tests for exemptions.