

Practice Update

The DOL Issued a New Overtime Rule: What Does This Mean for Employers?

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On April 23, 2024, the Department of Labor (DOL) issued a new overtime rule that increases substantially the earning thresholds that determine workers' exemption status from federal overtime laws. The threshold earnings will be significantly increased twice in the next eight months, and as a result millions more people will become eligible for overtime.

Under the rule, the Executive, Administrative, or Professional (EAP) exemption annual salary threshold will be increased from \$35,568 to \$43,888 on July 1, 2024, and then up to \$58,656 on January 1, 2025. The Highly Compensated Employee (HCE) exemption will increase from \$107,472 to \$132,964 on July 1 and then up to \$151,164 on January 1. The rule will not raise salary thresholds in U.S. territories, and maintains the current threshold of \$455 for the U.S. Virgin Islands, Guam, Puerto Rico, and the Commonwealth of the Northern Mariana Islands, and \$380 for American Samoa.

Additionally, the new overtime rule includes a novel "automatic updating mechanism" under which these minimum salary thresholds will automatically increase every three years, starting July 1, 2027, without the need for formal rulemaking from the DOL.

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We anticipate legal challenges to the rule, including arguments that the DOL exceeded its authority in issuing this new rule. While we wait to see if the rule faces any legal challenges as expected, employers should accordingly get ahead of the process and start strategizing about the best ways for their businesses to comply with the rule in its current form in advance of July 1, 2024.

We are here to assist you in that process. Keep an eye out for further, in-depth coverage of this development on the [HR Defense blog](#). Please let us know if you have any questions or concerns about the DOL's new overtime rule.

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