

REMINDER: New Overtime Rule Goes Into Effect on December 1, 2016

Written by Jonathan A. Keselenko, Christopher Feudo

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On December 1, 2016, the U.S. Department of Labor's new overtime rule will take effect. Most significantly, effective December 1, 2016, the minimum salary a worker must be paid to qualify for the executive, administrative, and professional exemptions will increase to \$913 per week (or \$47,476 per year). The final rule also raises the compensation threshold applicable to the exemption for highly compensated employees from \$100,000 to \$134,004.

Importantly, the new rule does not change the duties tests applicable to these exemptions. Thus, on or after December 1, an employee's salary must meet the new minimum salary threshold and the employee's job responsibilities must satisfy the duties test for the exemption in order for the employee to be classified as exempt.

With legal challenges to the new rule unlikely to delay its implementation, employers should assess the impact the new rule will have on their current FLSA classifications and make necessary changes in how they pay employees who can no longer be classified as exempt under the FLSA. For more information on the new rule and the options employers have in responding to it, please see our **previous alert on the final rule**.

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