



NEW DEPARTMENT OF LABOR
STANDARDS FOR FAIR LABOR
STANDARDS ACT EXEMPTIONS

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On May 18, 2016, the United States Department of Labor (DOL) released new regulations under the Fair Labor Standards Act (FLSA) regarding overtime pay. These regulations will take effect on December 1, 2016. Like the old regulations, the new regulations require overtime pay for all non-exempt employees working over 40 hours per week.

Old Regulations	New Regulations
<ol style="list-style-type: none"> 1. Salary threshold for “exempt” status (executive, administrative and professional employees): at least \$455 per week/\$23,660 annually 2. Salary threshold for highly compensated employee exemption: \$100,000 3. Salary thresholds do not change from year to year 	<ol style="list-style-type: none"> 1. Salary threshold for “exempt” status (executive, administrative and professional employees): at least \$913 per week/\$47,476 annually (40th percentile of earnings for full-time salaried workers) 2. Salary threshold for highly compensated employee exemption: \$134,004 (90th percentile of earnings for full-time salaried workers) 3. Salary thresholds increase every three years based on the 40th and 90th percentiles of earnings for full-time salaried employees or based on inflation 4. Employers allowed to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10% of new standard salary levels (\$47,476 annually) but not to satisfy highly compensated employee salary threshold

The following provisions will remain unaffected:

- “Duties test” for executive, administrative and professional employee exemptions
- No minimum pay required for outside sales
- No minimum pay required for licensed professionals
- No change for computer professionals being paid an hourly rate of \$27.63 per hour or more
- No change for retail employees paid on commission under the Section 7(i) exemption