



November 2019

V&A Clients:

The Department of Labor announced their Final Ruling on overtime pay for white collar workers protected by the Fair Labor Standards Act's minimum wage and overtime laws. Employers must comply with these new laws by January 1, 2020.

The Final Rule increases the exempt salary threshold from \$23,660 to \$35,568 a year, or from \$455 weekly to \$684 weekly. If a worker makes less than \$684 weekly or \$35,568 a year they must be paid the overtime rate for any time worked over 40 hours per week. Up to 10% of the salary level can come from non-discretionary bonuses, incentive payments, and commissions, paid at least annually.

It also raises the standard salary minimum for highly compensated employees from \$100,000 a year to \$107,432.

Below are strategies you can take to help your organization decide how to incorporate the new law.

Strategies you can take:

- Increase the salary of an employee who meets the duties test to at least the new salary level to retain his or her exempt status.
- Pay overtime of one and a half times the employee's regular rate of pay for *hours worked in excess of 40 hours per workweek*.
- Reduce or eliminate overtime hours.
- *Adjust* the amount of pay allocated to base salary (provided the employee still earns at least hourly minimum wage) and add pay to account for overtime for hours worked over 40 hours in the workweek, to hold total weekly pay constant.

For more details, please visit the Department of Labor (DOL) website.

<https://www.dol.gov/whd/overtime2019/index.htm>

https://www.dol.gov/whd/overtime2019/overtime_FS.htm

https://www.dol.gov/whd/overtime2019/overtime_FAQ.htm

Thank you,

Varney & Associates, CPAs, LLC