

2016 HR & Benefits Compliance Alert



Final FLSA Overtime Regulations to Take Effect December 1, 2016

The reporting service Bloomberg BNA has reported that the U.S. Department of Labor's (DOL's) final overtime regulations will take effect December 1, 2016. The Obama administration is planning to provide additional details this evening and release the full rule tomorrow (May 18). The final regulations more than double the existing minimum salary threshold for overtime exemption from \$23,660 to \$47,476.

BNA is reporting that the salary threshold will be updated once every three years, which is a reduction in frequency from the proposed rule, which called for annual indexing.

The effective date of December 1, 2016 provides significant time for employers to prepare for the new rules. It had previously been thought that the rules would be effective 60 days from the date of publication.

Additionally, it is being reported that the rule will not include a carve-out for higher education institutions, which had asked for a carve-out from the final rule that at least delays the time in which they will be required to comply.

Under the final rule, workers earning below the \$47,476 earnings threshold will be automatically entitled to time-and-a-half pay for all hours worked in excess of 40 per week. Supporters say it will help boost workers' paychecks in the face of stagnant wages.

We will review the final rule once it's released and will provide further guidance in the coming weeks. Stay tuned.

About the Authors:

This alert was prepared for ProSential Group by Peter Marathas and Stacy Barrow. Mr. Marathas and Mr. Barrow are nationally recognized experts on the Affordable Care Act. Their firm, Marathas Barrow & Weatherhead LLP, is a premier employee benefits, executive compensation and employment law firm. They can be reached at pmarathas@marbarlaw.com or sbarrow@marbarlaw.com.

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