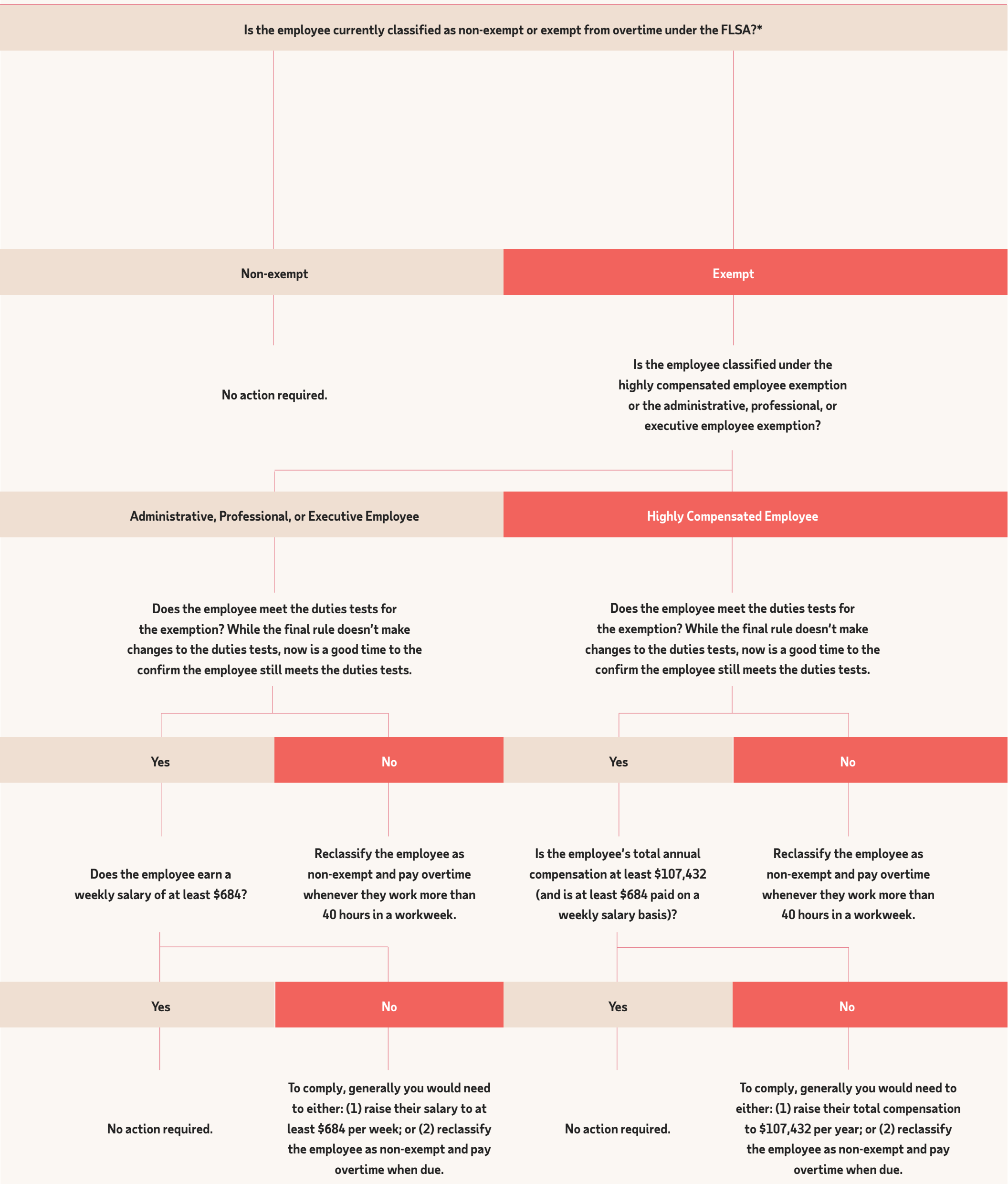


# How to Evaluate Potential Impact of the Final Overtime Rule

On September 24, 2019, the Department of Labor released a final rule that will increase the minimum salary requirement for the administrative, professional (including the salaried computer professional), and executive exemptions from \$455 per week to \$684 per week. Employers will also be allowed to use nondiscretionary bonuses, incentive payments, and commissions to satisfy up to 10 percent of the minimum salary requirement for the administrative, professional, and executive exemptions, as long as these forms of compensation are paid at least annually. The final rule will increase the total annual compensation requirement for the "highly compensated employee" exemption to \$107,432 per year (at least \$684 must be paid on a weekly salary basis). This flowchart can be used to help you evaluate the potential impact of the final rule, which takes effect **January 1, 2020**.



\* Under the FLSA, non-exempt employees must be paid at least the minimum wage for each hour worked and overtime whenever they work more than 40 hours in a workweek. To be classified as exempt from these requirements, an employee must generally: (1) be paid on a salary basis; (2) meet the minimum salary requirement; and (3) satisfy certain duties tests. **Note:** Exempt computer professional employees may also be paid hourly, if it is at least \$27.63 per hour, which doesn't change under the new rule. The outside sales employee exemption is not impacted by the final rule.

Rev. 9/19

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