



# Final Rule: Restoring and Extending Overtime Protections

(revised May 2024)



WAGE AND HOUR DIVISION  
UNITED STATES DEPARTMENT OF LABOR

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# Presentation Overview

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# Introductory Remarks

- The [Fair Labor Standards Act](#) (FLSA) requires that when most workers work more than 40 hours in a week, they get paid more.
- Overtime requirements protect workers from exploitation and benefit workers, their families and our communities.
- The new overtime regulation restores and extends this promise for millions more lower-paid salaried workers in the U.S.

# EAP Exemption

The most commonly-used FLSA minimum wage and overtime exemption, known as the EAP exemption, applies to certain:

- Executive Employees
- Administrative Employees
- Professional Employees

# Three Tests for Exemption

1. Job Duties;
2. Salary Basis; and
3. Salary Level

# Executive Duties

- Primary duty is management of the enterprise or of a customarily recognized department or subdivision
- Customarily and regularly directs the work of 2 or more other employees
- Authority to hire or fire other employees or whose suggestions and recommendations as to hiring, firing, advancement, promotion or other change of status of other employees are given particular weight

# Administrative Duties

- Primary duty is the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers
- Primary duty includes the exercise of discretion and independent judgment with respect to matters of significance

# Professional Duties

- **Learned Professional:**

Primary duty is the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction, OR

- **Creative Professional:**

Primary duty is the performance of work requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor



# Computer-Related Occupations

Must be employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below:

- Application of systems analysis techniques and procedures, including consultation with users about hardware, software, or system function specifications;
- Design, development, documentation, analysis, creation, testing, or modification of computer systems or programs related to user or system design specifications;
- Design, documentation, testing, creation, or modification of computer programs related to a machine operating systems; or
- Combination of above duties requiring equal skill level.

# Outside Sales

- Primary duty is:
  - Making sales, or
  - Obtaining orders or contracts for services or facilities for which a consideration will be paid by the client or customer;
- Customarily and regularly engaged away from the employer's place(s) of business in performing such primary duty
- No salary level or salary basis test

# Highly Compensated Employee (HCE) Test

- Primary duty includes performing office or non-manual work
- Customarily and regularly performs any one or more of the exempt duties identified in the standard tests for the executive, administrative, or professional exemptions

# 2024 Final Rule – Important Dates

- July 1, 2024 – Final Rule effective date
- January 1, 2025
- July 1, 2027

# 2024 Final Rule Changes

- Increases the standard salary level
- Increases the total annual compensation requirement for highly compensated employees
- Adds a mechanism to regularly update the salary and compensation thresholds

# Minimum Salary Threshold: July 1, 2024

- On July 1, 2024, the standard salary level required for exemption will be \$844 per week
- The \$844 per week may be paid in equivalent amounts for periods longer than one week:
  - Biweekly: \$1,688
  - Semimonthly: \$1,828.67
  - Monthly: \$3,657.33
- Consistent with the current regulations, up to 10 percent of the standard salary level (\$84.40 per week) can be satisfied with nondiscretionary bonuses and incentive payments, including commissions

# Minimum Salary Threshold: Jan. 1, 2025

- On January 1, 2025, the standard salary level required for exemption will be \$1,128 per week
- The \$1,128 per week may be paid in equivalent amounts for periods longer than one week:
  - Biweekly: \$2,256
  - Semimonthly: \$2,444
  - Monthly: \$4,888
- Consistent with the current regulations, up to 10 percent of the standard salary level (\$112.80 per week) can be satisfied with nondiscretionary bonuses and incentive payments, including commissions

# Minimum Salary Threshold: July 1, 2027

On July 1, 2027, and every 3 years thereafter, the minimum salary level will be updated using the methodology in effect at the time of the update and current earnings data.



# Highly Compensated Employee (HCE) Test

- Total annual compensation of at least:
  - July 1, 2024: \$132,964 per year, including at least \$844 per week paid on a salary or fee basis
  - January 1, 2025: \$151,164 per year, including at least \$1,128 per week paid on a salary or fee basis
  - July 1, 2027, and every 3 years thereafter, to be set using the methodology in effect at the time of the update and current earnings data

# Updating Mechanism

- Every 3 years
- Most recent available 4 quarters of earnings data as published on the BLS website:
  - <https://www.bls.gov/cps/research/nonhourly/earnings-nonhourly-workers.htm>
- Using methodologies in place at the time of the update
- At least 150-day notice in the *Federal Register*
- Delay of a scheduled update

# Standard Salary Level and HCE Threshold

DATE	STANDARD SALARY LEVEL	HCE TOTAL ANNUAL COMPENSATION THRESHOLD
Before July 1, 2024	\$684 per week (equivalent to \$35,568 per year)	\$107,432 per year, including at least \$684 per week paid on a salary or fee basis.
July 1, 2024	\$844 per week (equivalent to \$43,888 per year)	\$132,964 per year, including at least \$844 per week paid on a salary or fee basis.
January 1, 2025	\$1,128 per week (equivalent to \$58,656 per year)	\$151,164 per year, including at least \$1,128 per week paid on a salary or fee basis.
July 1, 2027, and every 3 years thereafter	To be set using the methodology in effect at the time of the update based on current earnings data	To be set using the methodology in effect at the time of the update based on current earnings data.

# Unchanged Requirements

The 2024 Final Rule does not make changes to:

- The duties tests
- Special Salary Levels
- Nondiscretionary bonuses and incentive payments

# Special Salary Levels

- **Puerto Rico, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands**
  - \$455 per week (no change)
  - 29 CFR 541.600(b)
- **American Samoa**
  - \$380 per week (no change)
  - 29 CFR 541.600(c)
- **Motion Picture Producing Industry**
  - \$1,043 per week (no change)
  - 29 CFR 541.709

# Common FAQs

- 1. Does the final rule change any of the current duties tests for exemption?**

# Common FAQs

- 2. How may employers respond to the updated thresholds established in this final rule?**

# Common FAQs

- 3. Can an employer still allow an employee who is newly entitled to overtime pay to work from home or enjoy a flexible work schedule?**



# Common FAQs

**4. I am paid a salary and my job title is manager. Am I exempt from overtime pay?**

# For More Information

- 2024 Final Rule Landing Page:
  - <https://www.dol.gov/ot>
- 2024 Final Rule:
  - <https://www.federalregister.gov/documents/2024/04/26/2024-08038/defining-and-delimiting-the-exemptions-for-executive-administrative-professional-outside-sales-and>
- 17-Series Fact Sheets:
  - <https://www.dol.gov/agencies/whd/fact-sheets>

# For More Information

- Visit the WHD homepage:
  - <https://www.dol.gov/agencies/whd>
- Call or visit the nearest WHD office:
  - <https://www.dol.gov/agencies/whd/contact/local-offices>
- The WHD toll-free information and helpline at:
  - 1-866-4-USWAGE (1-866-487-9243)
  - If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services