

DOL ANNOUNCES NEW OVERTIME RULE ***Businesses Need to Prepare Now***

In case you haven't heard, big changes are in store for employers with salaried exempt employees.

The Department of Labor raised the salary exemption for overtime pay from \$23,660 per year to \$47,476 per year. This means that **employees making less than \$47,476 per year may be eligible for overtime. The rule will become effective December 1, 2016.**

- **The rule represents a 100% increase to the salary threshold.** The new overtime rule would initially raise the salary threshold defining which employees must be paid overtime from \$23,660 to \$47,476. In addition, DOL has proposed increasing this minimum salary every three years.
- **NFIB estimates the new rule will impact 44% of small businesses.** DOL has said it could affect over 10 million employees. The rule could force many business owners to reclassify salaried employees to hourly positions – resulting in a loss in flexibility, bonuses, and promotion opportunities.
- **The implementation window is very short.** Businesses must act quickly to determine what employees will be impacted either by reclassifying exempt managers into hourly positions or raising salaries.

To get in compliance, consider doing the following now:

1. **Check state versus federal regulations.** Each state may enact wage and hour rules that differ from federal overtime requirements. Remember to follow whichever rule is more generous to employees.
2. **Classify employees by salary.** Make a list of salaried employees who make less than \$47,476 because they may be entitled to receive overtime once the rule becomes effective. Employees making over \$47,476 may be exempt from overtime if their job duties primarily involve executive, administrative or professional duties. For more on the duties test, [go here](#).
3. **Consider changes to salaried employees.** For employees who make less than the new salary threshold of \$47,476 consider whether it makes sense to raise salaries to at least \$47,476 if these employees typically work more than 40 hours per week. Alternatively you could convert the previous salaried employees earning less than \$47,476 to hourly employees and limit or prohibit overtime.
4. **Monitor overtime.** For positions that often result in overtime pay, consider hiring more hourly full-time, part-time and/or seasonal employees, or job restructuring to offset expansion of overtime pay.

Additional Questions?

Contact the [NFIB Small Business Legal Center](#) at 800-NFIB-NOW (800-634-2669) or visit nfib.com/Overtime.

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