

Deep Impact: New Overtime Rules will Change Work, not Overtime Pay

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Partners [Barbara Hoey](#) and [Mark Konkel](#) authored the *InsideCounsel* article “Deep impact: New Overtime Rules will Change Work, not Overtime Pay.” The article discusses the new overtime rule under the Fair Labor Standards Act (FLSA), which raises the salary threshold under which an employee is entitled to overtime. The main change in the FLSA rules, effective December 1, 2016, is an increase in the minimum weekly salary to the 40th percentile of weekly earnings for full-time salaried workers, based on the Bureau of Labor Statistics (BLS) data. Under the new rule, anybody making a salary of less than \$47,476 (\$913 a week) will automatically qualify for overtime pay when he/she works more than 40 hours a week. This is twice the previous overtime pay threshold of \$23,660 a year, which had remained unchanged for more than a decade. For employees previously classified as exempt, but whose compensation does not satisfy the new minimum salary threshold, Barbara and Mark advise employers to do the following:

- Reclassify these employees as non-exempt;
- Determine how to compensate affected employees;
- Make changes in payroll processing and information technology systems to properly convert these employees to non-exempt; and
- Develop internal communications plans—including a communications plan to explain the change for reclassified employees.