

## RESOURCES

# Department of Labor's Final Rule - Update to Minimum Salary Requirements for Overtime Pay Exemptions

The U.S. Department of Labor unveiled a final rule which raises the minimum salary requirements for overtime pay exemptions under the Fair Labor Standards Act. The first phase of the rule takes effect on July 1, 2024.

**Overtime Pay Minimum Salary Update:** On April 23, 2024, the U.S. Department of Labor announced *Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees*, a new final rule regarding minimum wage and overtime pay requirements under the Fair Labor Standards Act (FLSA). The FLSA requires employers to pay covered employees at least the Federal minimum wage and that overtime work (any hours worked over 40 hours in one workweek) be paid at one and one-half the employee's rate of pay. However, the FLSA also provides a minimum salary threshold that exempts employees from the overtime pay requirement.

Phase one of the new rule takes effect on July 1, 2024 and raises the minimum salary threshold for executive, administrative, and professional employees to qualify for overtime exemptions under the FLSA from \$35,568 to \$43,888. Phase two of the rule, which takes effect on January 1, 2025, will raise the threshold to \$58,656. Additionally, phase one of the rule raises the minimum threshold for the highly compensated employee exemption from \$107,432 to \$132,964. Phase two will raise the threshold to \$151,164. Finally, the rule will regularly update the salary threshold every three years to reflect changes in earnings.

The rule is expected to affect over 4 million workers within its first year and is likely to increase the types of jobs entitled to overtime pay.

## Sources

Final Rule: Restoring and Extending Overtime Protections

## Questions?

If you have any questions about these topics or other employment law matters, please feel free to contact Ken Keller, Rachel Scott Decker, Robert Young, Trisha Barfield, or another member of Carruthers & Roth's Employment Compliance and Litigation team.

## Note about the Authors

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