

DOL Announces Final Rule Increasing Minimum Salary Level for Exempt Employees

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Below is a link to the U.S. Department of Labor announcement of the Final Rule increasing the minimum salary level for exempt employees to \$684 per week (\$35,568 annualized) from the current level of \$455 per week (\$23,660 annualized). This new regulation was issued September 24, 2019 and is effective January 1, 2020.

Key Provisions of the Final Rule

The Final Rule focuses primarily on updating the minimum salary and compensation levels needed for Executive, Administrative and Professional workers to be exempt. Specifically, the Final Rule:

- Sets the standard salary level at \$684 per week; (\$35,568 annually for a full-year worker);
- Sets the total annual compensation requirement for highly compensated employees (HCE) subject to a

minimal duties test to \$107,432. Highly compensated employees must receive the guaranteed minimum salary of \$684 each week but the remaining compensation may be in commissions, bonuses, or any other type of compensation.

- Amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) paid at least annually to satisfy up to 10 percent of the new standard salary level (\$3,556.80).
- Revises the special salary levels for workers in U.S. territories and in the motion picture industry.

This article is general in nature and does not constitute legal advice. Readers with questions or who need assistance with determining which of your employees are exempt from overtime or have other wage and hour questions, feel free to call or email any of the attorneys in our Employment Law Group or your regular contact at Seigfreid Bingham, P.C. at 816.421.4460.

Source: <https://www.dol.gov/newsroom/releases/whd/whd20190924>