



By now you have likely seen headlines that Department of Labor (DOL) has finally announced the language of its proposed rule to increase the minimum salary required for employees to be classified as exempt from minimum wage and overtime. Remember – this is still a proposed rule; it has not even been published yet, let alone approved. However, the impact of this would be significant, so putting in some time planning now will benefit you in the long run.

## **SALARY THRESHOLDS**

Currently, employees must be paid at least \$684 per week (\$35,568 per year) to be properly classified as exempt. The proposed rule would increase the salary threshold to require that exempt employees be paid at least \$1,059 per week (\$55,068 per year).

Employees who are exempt under the highly compensated employee exemption must be paid at least \$107,432 per year. The proposed rule would increase this amount to at least \$143,988 per year to be classified as exempt.

Finally, the proposed rule would implement automatic increases to these salary levels every three years.

## **TIMING**

Any final rule is still a while off. Once the proposal is officially published there will be a 60-day comment period. During that time, the [DOL](#) will accept comments (such as suggestions, complaints, arguments) from anyone who would like to submit them.

Once the comment period is closed, the DOL will review the feedback and potentially make changes before publishing the final rule. This will likely take a few months, but the DOL has suggested that these changes could take effect as soon as 60 days after the publication of the final rule.

While it's important to prepare, it's important to note that the last time the DOL attempted to change to the salary minimums, the rule was thrown out in litigation just weeks before taking effect. We don't know if this will happen again, but it is likely this is going to be a very long process that may or may not end up with a change.

## **IMPACTS**

We are not recommending that you change anything yet. However, we do think that it's a good idea to know which employees this will impact if it does pass.

Our first recommendation is to prepare a list of your salaried employees who are less than the \$55,068 threshold. Once you have that list, you can start considering whether an increase would be warranted, or if they might need to be re-classified as non-exempt.

If you are moving people from salaried to hourly, it may mean that you are going to have to start paying overtime. If you can't afford to pay overtime, you'll need to redistribute work, find other efficiencies, or potentially alter aspects of your business.

We'll provide more information when the final rule is published and will create several resources to help you easily navigate making the necessary changes. If you'd like to review the proposed rule, you can find it [here](#).