



Reminder: Department of Labor's New Overtime Rule

Department of Labor's New Overtime Rule Takes Effect January 1, 2020:

The United States Department of Labor's (DOL) new rule increasing the minimum salary level required to meet the overtime exemptions under the Fair Labor Standards Act (FLSA) takes effect January 1, 2020. The overtime exemptions apply to employees who qualify as executive, administrative, or professional, known as the "white collar" exemptions.

Application of these overtime exemptions requires satisfying a three-part test. First, the employee must meet a specified minimum salary level. Under the previous rule, an employee was required to receive an annual salary of \$23,660 (\$455/week) to qualify for the exemptions. The new rule increases the minimum salary level to **\$35,568** (\$684/week).

The second part is the salary basis requirement. The new rule provides that 90% of the salary level (\$616/week) must be paid on a "salary basis," and it now permits 10% of the salary to be satisfied with non-discretionary bonuses, commissions, or other incentive payments. Employees receiving less than the new minimum salary and working over 40 hours per week will be entitled to overtime pay.

Third, the employee must meet the applicable duties test to qualify as executive, administrative, or professional. This part of the analysis remains unchanged.

The DOL also announced that it will update the minimum salary level every four years.

If you have any questions, please contact a member of our Labor and Employment Law Practice Group.



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Justice G. Johnson, Jr.
johnson@marshall-melhorn.com
419-249-7115

Jennifer J. Dawson
dawson@marshall-melhorn.com
419-249-7139

Michael S. Scalzo
scalzo@marshall-melhorn.com
419-249-7129

Meghan Anderson Roth
roth@marshall-melhorn.com
419-249-7226

David L. O'Connell
oconnell@marshall-melhorn.com
419-249-7135

Shawn A. Nelson
nelson@marshall-melhorn.com
419-249-7164

Roman Arce
arce@marshall-melhorn.com
419-249-7111

Krysten Beech
beech@marshall-melhorn.com
419-249-7179

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Contact Us

MARSHALL MELHORN, LLC

4 Seagate, F 8 | Toledo, OH 43604 | D 419.249.7100 | F 419.249.7151

WWW.MARSHALL-MELHORN.COM

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