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Client Alert Applies To: Self-Funded, Fully-Funded, Small Group, and Large Group

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New Overtime Regulations Released

Last week, the United States Department of Labor (DOL) released a long-awaited proposed regulation on the executive, administrative and professional exemptions to the Fair Labor Standards Act's (FLSA) overtime rule. A copy of the proposed rule can be found here: <https://www.dol.gov/whd/overtime/overtime2019-nprm.pdf>

As background, back in 2016, the Obama administration released a new proposed overtime regulation that would have increased the salary threshold required for exempt status from \$455 to \$ 913 a week, or \$47,476 a year. (In addition to meeting the required salary threshold, to be considered exempt an employee must be paid on a salary basis, meaning no deduction in pay for variations in the quality or quantity of an employee's work, and meet a duties test.) The Obama administration's regulations were blocked by a court prior to implementation.

The new proposed rule would increase the salary threshold from \$455 to \$679 a week, or \$35,308 a year. While this is a much smaller jump in the salary threshold than that proposed by the Obama administration, it is still a substantial increase. In addition, the proposed regulation would increase the threshold for exemption as a "highly compensated employee" from \$100,000 to \$147,414. (Employees reaching that salary threshold can be considered "highly compensated" without meeting any of the FLSA duties tests.) The new proposed rule drops the automatic increases to the salary threshold contained in the Obama era rule.

Once the new rule is published in the Federal Register, a 60-day public comment period will apply. Following expiration of the comment period, the DOL will issue a final rule. Stay tuned in for more information.

Please visit www.moreton.com/news-events/ for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, Moreton & Company's in-house corporate counsel who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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