



# DDL Final Overtime Rules

## Quickstart Guide for Employers



# DOL Announces New Overtime Rule

On April 23, 2024, the U.S. Department of Labor (DOL) announced its new overtime rule, and increased salary levels for executive, administrative and professional workers (EAP) and highly compensated employees (HCE) to be exempt from overtime.

Effective July 1, 2024, to qualify for exemption, EAP employees must earn at least \$43,888 annually (\$844 per week). This amount increases to \$58,656 (\$1,128 per week) on January 1, 2025.

Also on July 1, 2024, highly compensated employees now require a minimum annual compensation of \$132,964 (previously \$107,432) to be exempt. This threshold increases to \$151,164 on January 1, 2025.

## 2024 Overtime Ruling

### WHAT

Updated DOL minimum salary threshold that employers must uphold.

### WHEN

July 1, 2024  
January 1, 2025

### WHO

This update affects employees earning less than \$43,888 annually on July 1, 2024, and less than \$58,656 on January 1, 2025.

### WHY

To fairly extend the benefit of overtime pay to more workers.

### OTHER CHANGES OUTLINED

Employers are permitted to satisfy up to 10% of the standard salary level with nondiscretionary bonuses and incentive payments (including commissions) that are paid annually.

An employer is permitted to make a final “catch-up” payment during the last pay period or within 1 month after the end of the 52-week period to bring an employee’s compensation up to the required level.

### NOTES

There are no changes to the duties test.

Total annual compensation does not include board, lodging, or other facilities, and does not include payments for medical insurance, life insurance, retirement plans, or other fringe benefits.

Salary and compensation thresholds will be automatically adjusted every three years to reflect changes in worker pay.

## Who's Impacted?

It's estimated that nearly 1.3 million United States workers will be eligible to receive time-and-a-half pay for hours worked in excess of 40 hours per week. Employees that make less than \$43,888 annually must either receive a raise to meet the new threshold amount or be paid overtime, even if they're classified as a manager or a professional.

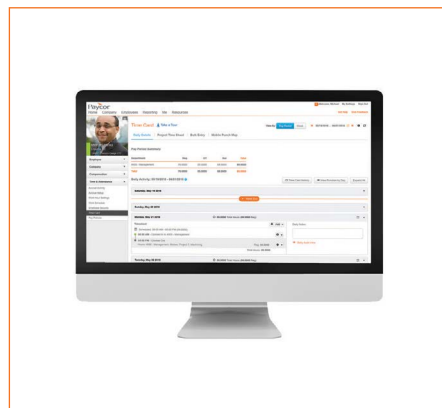
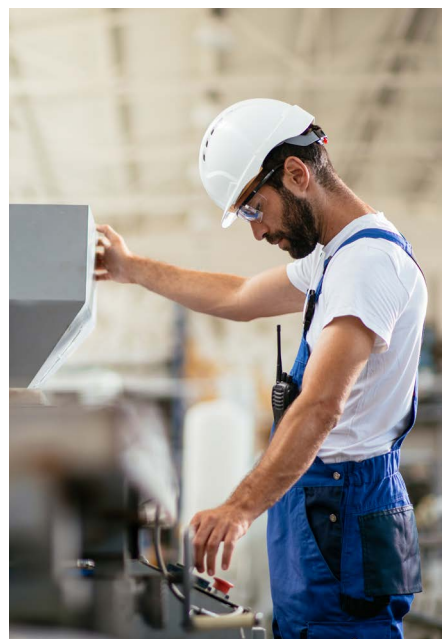
## What's Next for Employers?

### Review Job Descriptions & Analyze Your Budget

Employers should review exempt employees who make less than the \$43,888 salary threshold and decide if they will increase their annual salary or convert those employees to non-exempt status. Employers should also review job descriptions to not only ensure they are up-to-date and accurate but that the duties outlined meet the necessary exemption criteria.

### Develop a Communication Strategy

Employers considering reclassifying employees or changing compensation or hours worked could face potentially challenging conversations with affected employees. That's why it's critical to have a communication strategy in place to openly and honestly inform employees of the decision, provide clear next steps and update job descriptions.



## Paycor's Overtime Solution



### TIME

Manage employee hours and eliminate costly errors with one single source of truth across Time, HR and Payroll. With multiple-forms of time entry, employees can capture hours worked anytime, anywhere.



### REPORTING

To help employers determine the best course of action for their business, our Hours Summary report offers a detailed look at employee hours by earning codes.



### HR SUPPORT CENTER ON-DEMAND

Ensure you have accurate policies and employee documentation related to these updates and get help from a certified HR professional whenever you need it.

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## Checklist for Employers

### Identify Which Employees Are Affected:

- ☐ **Review data for exempt employees that earn below the \$43,888 salary threshold.**
- ☐ **Consider which positions may be restructured.**
  - ☐ Estimate how many hours these employees typically work
  - ☐ Calculate how much overtime would cost under the new rules
  - ☐ Analyze the impact that lump sum payments (such as non-discretionary bonuses or commissions to sales persons) have on employee salary
  - ☐ Review budgets to determine best course of action for the organization

### Take Action:

- ☐ **Decide how impacted employees will be classified based on new salary thresholds.**
  - ☐ Meet with affected employees
  - ☐ Update job descriptions
  - ☐ Ensure employees sign policies
  - ☐ Make updates in the payroll system
  - ☐ Communicate changes in job classification to employees
  - ☐ Ensure accurate time tracking for affected employees
- ☐ **Educate managers on risks of wage and hour violations.**

### Mitigate Risk:

- ☐ **Review payroll each week to ensure you're paying employees the correct wages.**
- ☐ **Document which jobs went from hourly to salary and vice versa.**
- ☐ **File salary changes and payroll reports in an easy-to-access place in case of an audit.**

Paycor can help you stay ahead of ever-changing compliance regulations. For more than 30 years, HR and business leaders have relied on Paycor for compliance solutions that help reduce risk, save time, and simplify compliance management. For the latest information on the DOL and supporting resources, **visit [paycor.com/dol](https://paycor.com/dol)**.