

# The Bennett Law Firm

## *Client Update*

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Labor Relations ~ Employment Law ~ Business Litigation  
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### **Employers Face Dramatic Changes to White Collar Overtime Exemptions**

Last night, President Obama previewed the proposed new FLSA overtime regulations which are expected to be published this Thursday. The revised regulations are expected, for the first time since 2004, to substantially narrow the number of employees who qualify for the overtime exemptions. The new regulations are expected to go into effect sometime in 2016.

#### **Minimum Salary Requirement**

The new regulations will provide for a substantial increase in the minimum salary requirement, raising the minimum from \$455.00 a week to \$970.00 a week, or \$50,440.00 a year. With this new minimum, any employee currently classified as exempt under the executive and administrative white collar exemptions must earn a base salary of at least \$50,440.00 a year to retain the overtime exempt status. Those who earn less than this minimum will be entitled to time and a half their regular rate of pay for any hours worked in a week in excess of forty.

#### **New Limit on Non-Exempt Work**

The DOL is also expected to tighten the definition of those supervisors and managers who can qualify as exempt under the executive exemption. Even if these employees earn at least \$50,440.00, the DOL is expected to hold that such employees may only spend a certain amount of time on non-exempt non-supervisory work. This change is expected to impact a number of lower level supervisors (such as in retail) who often perform a substantial amount of non-exempt work during their work week.

#### **Stay Tuned**

The Obama administration estimates that five million employees who are currently properly classified as exempt from overtime will lose that exemption and be eligible to receive overtime pay. We will issue a more detailed e-alert following the DOL's publication, later this week, of the proposed rules. Employers will want to start assessing the potential impact on employees currently classified as exempt from overtime.

If you have any questions, please contact Peter Bennett ([pbennett@thebennettlawfirm.com](mailto:pbennett@thebennettlawfirm.com)) or Rick Finberg ([rfinberg@thebennettlawfirm.com](mailto:rfinberg@thebennettlawfirm.com)).