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Employers

The newly proposed regulations from the U.S. Department of Labor includes expansion of overtime protections that may impact millions of American workers and their employers.

Jul. 22, 2015



With the U.S. Department of Labor's proposed expansion of overtime protections expected to impact millions of American workers and their employers, [Paychex, Inc.](#), a leading provider of payroll, human resource, insurance, and benefits outsourcing

solutions for small- to medium-sized businesses, is outlining key aspects of the newly

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- **What does the proposed rule address?** The DOL's proposed rule updates the overtime regulations under the Fair Labor Standards Act, and is specifically intended to address the executive, administrative, and professional (white collar) and highly compensated exemptions from minimum wage and overtime pay protections. With this proposed rule, the DOL is seeking to revise the minimum salary level required for these exemptions. In order to prevent the levels from becoming outdated, the DOL is proposing for the first time ever to include a mechanism to automatically update the salary and compensation thresholds on an annual basis using either a fixed percentile of earnings for full-time salaried workers or the Consumer Price Index.
- **Who may be eligible for overtime protections under the proposed rule?** The DOL last updated these regulations in 2004 with a minimum salary threshold of \$455 per week (\$23,660 per year) for the white collar exemptions. Under the proposed rule, the DOL is suggesting the minimum salary level for these exemptions be set at the 40th percentile of earnings for full-time salaried workers, estimating a 2016 level to be about \$970 a week, or \$50,440 a year. A new minimum annual compensation needed to qualify for the highly compensated exemption is proposed to be set at the 90th percentile.
- **When will these changes take effect?** The new rule is officially in a public comment period through September 4, 2015, during which interested parties are invited to provide feedback. Once the comment period closes, the DOL will review all the responses and issue a final rule which would include an effective date. While the final rule is expected in early 2016, there is no mandatory deadline. The effective date will likely be within 60 or 90 days of the publication of the final rule.

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