



DDL Final Overtime Rules

Quickstart Guide for Employers



Current State:

DOL Announces New Proposed OT Rule

On August 30, 2023, the U.S. Department of Labor unveiled a proposed overtime rule that would raise the weekly salary threshold under the Federal Labor Standards Act (FLSA) from \$684 to \$1,059, which equates to approximately \$55,000 per year. The proposal would also increase the annual salary threshold for highly compensated employees from \$107,432 to \$143,988 per year. If implemented, the rule would extend overtime protections to an estimated 3.6 million salaried workers.

The DOL has a 60-day comment period that expires November 7, 2023 before publishing a final rule. Paycor is closely monitoring the proposal and will provide updates as new information becomes available.

2019 OT Ruling

WHAT

Updated DOL minimum salary threshold that employers must uphold.

WHEN

January 1, 2020.

WHO

This update affects employees earning less than \$35,568 annually.

WHY

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

OTHER CHANGES OUTLINED

The new rule will also raise the total annual compensation level for highly compensated employees from \$100,000 to \$107,432.

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.

The Department of Labor will allow employers to make catch-up payments to employees who do not earn enough in nondiscretionary bonuses or incentive payments in a given 52-week period to retain exempt status, provided that the catch-up payment is made within one pay period of the end of the year.

NOTES

There are no changes to the duties tests.

The Department of Labor intends to propose updates to the salary threshold regularly to ensure that these levels continue to provide useful tests for exemption. Updates would not be automatic and would continue to require notice-and-comment rulemaking.

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 \$35,568 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.

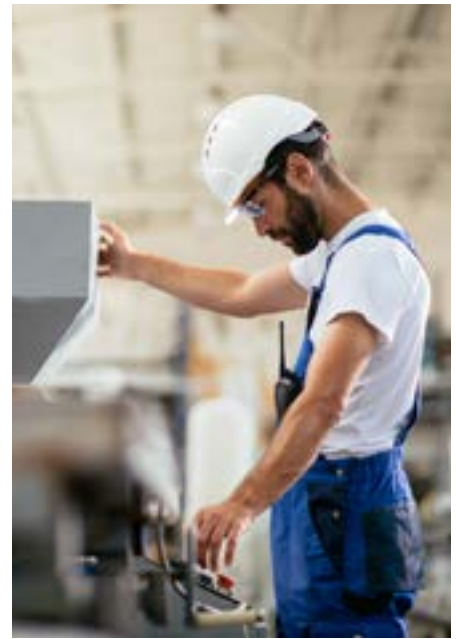
What's Next for Employers?

Review Job Descriptions & Analyze Your Budget

Employers should review exempt employees who make less than the \$35,568 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 \$35,568 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 Vic versa.**
- File salary changes and payroll reports in an easy-to-access place in case of an audit.**

To stay ahead of ever-changing compliance regulations, HR and business leaders need a partner they can depend on. For more than 30 years, HR and business leaders turn to Paycor for compliance solutions that reduce risk, save time, and simplify compliance management. For the latest information on DOL updates and supporting resources, visit [PAYCOR.COM/DOL](https://www.paycor.com/dol).