

New Department of Labor Final Rule Updates Overtime Regulations for Salaried Employees

MAY 19, 2016

On May 18, 2016, the Department of Labor released important details of the Final Rule updating overtime regulations for white collar workers under the Fair Labor Standards Act (FLSA). A fact sheet regarding these rule changes can be found on the Department of Labor website, here.

The Final Rule focuses primarily on updating the salary and compensation levels needed for Executive, Administrative and Professional workers to be exempt from the FLSA's overtime regulations. Specifically, the Final Rule:

1. Raises the threshold for overtime exemption to $913 per week, more than double the current level of $455 per week, or $47,476 annually;
2. Raises the total annual compensation requirement for highly compensated employees subject to a minimal duties test to $134,004, up from $100,000;
3. Establishes a mechanism for automatically updating the salary and compensation levels every three years. The exemption salary level will be pegged to the 40th percentile of full-time salaried workers in the lowest-wage Census region; the minimum for highly compensated employees will be tied to the 90th percentile of full-time salaried workers in the lowest-wage Census region; and
4. Amends the salary basis test to allow employers to use nondiscretionary bonuses, commissions and other incentive payments to count towards up to 10 percent of the new standard salary level.

The Final Rule contains no changes to the existing job duties tests to distinguish between overtime-eligible workers and those who may be exempt.

The Final Rule takes effect on December 1, 2016. Future automatic updates to the threshold salary levels will occur every three years, beginning on January 1, 2020.

©2026 Bowditch & Dewey LLP. All Rights Reserved.

The Department of Labor has released the following fact sheets to address the impact of the Final Rule on specific sectors: Non-Profit, Higher Education, and State and Local Government.

Employers with questions about this development should contact David Felper, Practice Area Leader for Labor & Employment and Higher Education, Anthony Dragga, who authored this E-Alert or any other attorney in the Firm's Labor & Employment group.

Don't miss our upcoming roundtable sessions where Bowditch & Dewey attorneys will discuss the new Final Rule. Click here to read more and register.

These sessions will discuss, among other things:

- Federal and State exemptions and determinations
- Working time issues impacting overtime (e.g. travel time, emails, off-the-clock work, etc.)
- Minimum salary thresholds and automatic increases
- Possible changes to the 'duties' test
- The importance of auditing
- Reclassifying employees according to job duties
- Elimination of 'safe harbors' in failure of compliance

Breakfast or lunch will be served, there is no cost to attend.

Register for the **June 7** session at Mechanics Hall in **Worcester** HERE.

Register for the **June 9** session at Mount Holyoke College in **South Hadley** HERE.

Register for the **June 14** session at Newton Marriott Hotel in **Newton** HERE.

Questions? Contact Sara Murphy, Marketing Coordinator – smurphy@bowditch.com.

©2026 Bowditch & Dewey LLP. All Rights Reserved.