



New FLSA Overtime Rules

In case you haven't heard, on May 17, 2016, the U.S. Department of Labor (DOL) published colossal changes to the overtime rule that will make approximately **4.1 million currently exempt employees** eligible for overtime pay by December 1, 2016!

| Current Overtime Rule | Overtime Rule As of December 1 st |
|-----------------------|--|
|-----------------------|--|

23,660

Employees that can pass the "duties test" for the Executive, Administrative, and Professional white collar exemptions, including receiving a salary of at least \$455/week or \$23,660/year are exempt from overtime protections of the FLSA

47,476

Employees that can pass the "duties test" for the Executive, Administrative, and Professional white collar exemptions, including receiving a salary of at least \$913/week or \$47,476/year are exempt from overtime protections of the FLSA

Increases Every 3 Years



The minimum salary will reset every three years, starting on January 1, 2020. The new minimum will be announced 150 days in advance.

Increase how much?



Based on current projections, the salary threshold is expected to rise to more than \$51,000 with its first update.

Highly Compensated Employee (HCE) Exemption

The current minimum salary needed to preserve the Highly Compensated Employee (HCE) is \$100,000 which will increase to \$134,004 per year.

Overtime is Money



Employers will spend Over \$592 million to comply with the new rule.

How might this impact you as a Business owner or Human Resource Professional?

Increased payroll expenses through higher salaries or additional overtime costs



Employee Engagement and Morale concerns which may result in higher turnover



Increased hiring to avoid Overtime Hours

The need to downsize or reevaluate personnel costs



The Fair Labor Standards Act changes can be overwhelming but we are here to help!

CS3 offers Human Resource and Time and Attendance solutions that will ensure that you are making informed decisions, managing your overall personnel costs, and developing strategies for the future.

Compensation Analysis to see how your workforce will be impacted by both the Overtime and HCE changes.

Job Analysis for the impacted positions to help you determine how to move forward with either increasing salary or changing their exemption status.

Revamping your Wage Policies and Procedures to ensure that your Overtime Procedures are in place.

Time and Attendance options for those employees that were formerly exempt.

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