

Reminder: Department of Labor Overtime Exemption Rule to Take Effect July 1, 2024



June 27, 2024 | **CLIENT ALERTS**

As we [alerted](#) on May 13, 2024, the Department of Labor (“DOL”) published its final rule (the “Rule”) on April 26, 2024, increasing overtime exemption compensation thresholds under the Fair Labor Standards Act. As the July 1, 2024, effective date draws near, we urge employers to closely monitor the status of the Rule and prepare for the potential changes ahead.

Several legal challenges have already been filed in various federal courts that may delay the enforcement of the Rule. Significantly, the State of Texas filed suit in the Eastern District of Texas and has moved for preliminary injunction of the Rule in *State of Texas v. United States Department of Labor et al.*, 4:24-CV-499 (E.D. Tex., filed June 3, 2024). A hearing on the Texas injunctive relief motion was held on Monday, June 24, 2024, just one week before the July 1, 2024, effective date. The court’s decision following that hearing will be significant in whether the Rule goes into effect as scheduled.

As a reminder, if the Rule takes effect on July 1, 2024, the minimum salary for overtime exemptions for bona fide executive, administrative, and professional positions (the “EAP” exemption) will increase from \$684 to \$844 per week (equivalent to a minimum annual salary of \$43,888). This EAP exemption threshold is scheduled to increase

again on January 1, 2025, to \$1,128 per week (equivalent to a minimum annual salary of \$58,656). Beginning July 1, 2027, and every three years thereafter, the EAP exemption threshold is scheduled to increase to reflect current earnings data.

The Rule also increases the amount required to be paid in total annual compensation to an exempt Highly Compensated Employee (“HCE”) from \$107,432 to \$132,964, which is scheduled to go into effect on July 1, 2024. That threshold is scheduled to increase again on January 1, 2025, to \$151,164. As with the EAP, as of July 1, 2027, the salary threshold for HCEs will increase every three years to reflect current earnings data.

Special salary levels apply to certain U.S. territories, such as Puerto Rico, Guam, the U.S. Virgin Islands, the Commonwealth of Northern Mariana Islands, and American Samoa.

If you have any questions about the Rule, please contact one of the members of our [Employment Practice Team](#).

Related Team



Michael J. Lufkin
Partner



Robert G. Riegel, Jr.
Partner



Amy Habib Rittling
Partner | Chief Legal
Officer | Team
Leader -
Employment