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U.S. Department of Labor Sets New Salary Thresholds for 2024 and Beyond

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On April 23, 2024, the U.S. Department of Labor (DOL) released its final rule to raise the salary thresholds for overtime exemptions under the [Fair Labor Standards Act](#) (FLSA). The DOL says that the new rule will affect 3 million workers.

Background

Most US employees are eligible for overtime after working 40 hours in the week. Certain so-called "white collar" employees are exempt from overtime because they are paid on a salary basis and have duties that qualify them as executive, administrative or professional employees. Currently, this minimum salary is \$684 per week and \$35,568 per year.

Importantly, certain states, including Washington, have a higher minimum compensation threshold, so the new rule is not relevant for employees who work in those states.

New Rule Raises FLSA Threshold

The new rule, [Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees](#), addresses the minimum salaries for executive, administrative and professional employees under the FLSA.

The rule will raise the threshold to \$844 per week and the equivalent of \$43,888 per year on July 1, and then to \$1,128 per week and the equivalent of \$58,656 on January 1, 2025. If the employee has a lower salary, they cannot be exempt under FLSA white collar exemptions.

The rule also raises the overtime salary threshold for so-called "highly compensated employees" to \$132,964 in July and \$151,164 in January. This exemption is not available in certain states, including Washington.

What Employers Should Do

- Make sure that all employees treated as exempt will have the requisite salary, both in July and thereafter.
- Make sure all employees treated as exempt have the proper duties to qualify for exemption.
- Adjust employees' salaries or exempt status as necessary. Consult with experienced employment counsel as the process of converting employees to non-exempt can be complex and disruptive.

Stay ahead of the curve and ensure your business complies with the new overtime rules. Contact Foster Garvey's market-leading [Labor, Employment and Immigration](#) team for guidance and support.

Authored by

[Steven R. Peltin](#)

[Principal|Seattle](#)

[206.447.6215](tel:206.447.6215) steve.peltin@foster.com

[Jared Van Kirk](#)

[Principal|Seattle](#)

[206.816.1372](tel:206.816.1372) jared.vankirk@foster.com

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