**Effective December 1, 2016**

<table>
<thead>
<tr>
<th>Exemption</th>
<th>Minimum Salary Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive, Administrative, and Professional Exemption</td>
<td>$913/week</td>
</tr>
<tr>
<td>Highly Compensated Employee Exemption</td>
<td>$134,004/annually</td>
</tr>
</tbody>
</table>
Beginning January 1, 2020, the exemptions' minimum salary levels will automatically update every three years.
EXECUTIVE, ADMINISTRATIVE AND PROFESSIONAL EXEMPTION

Up to 10% of the minimum salary level may be satisfied through nondiscretionary payments when made at least quarterly.
OVERTIME PAY

Required for all hours over 40 worked by a non-exempt employee in a work week.
REDUCING OVERTIME PAY POTENTIAL:

- Shift workloads
- Hire additional workers
- Eliminate tasks
DEPARTMENT OF LABOR:
NEW OVERTIME RULE

*EFFECTIVE DECEMBER 1, 2016*

NAR LEGAL AFFAIRS DEPARTMENT
July 2016

The Department of Labor recently issued its final rule amending the Fair Labor Standards Act (“FLSA”) regulations related to the FLSA’s exemptions from minimum wage and overtime pay requirements (“Final Rule”). Effective December 1, 2016 (“Effective Date”), employers must meet increased minimum salary thresholds in order to claim either the: 1) executive, administrative and professional exemption (“EAP Exemption”); or 2) highly compensated employee (“HCE”) exemption (“HCE Exemption”).

KEY PROVISIONS:

Here are the Final Rule’s key provisions:

1) **Increased Minimum Salary Levels**

   As of the Effective Date, the Final Rule requires the following minimum salary levels be met in order to claim the FLSA’s exemptions from minimum wage and overtime pay requirements:

<table>
<thead>
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<th>Exemption</th>
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<tr>
<td>EAP Exemption</td>
<td>$913/week ($47,476/annually)</td>
</tr>
<tr>
<td>HCE Exemption</td>
<td>$134,004/annually</td>
</tr>
</tbody>
</table>

The Final Rule does not impact an employer’s ability to continue to pay a computer employee an hourly salary of $27.63 under the Computer Professional Exemption. However, if an employer pays a computer employee on a salary basis, the new minimum salary level of $913 a week would apply. In addition, and for purposes of clarification, the new minimum salary level of $913 a week applies to the Learned Professional and Creative Professional Exemptions.

RESOURCES

- **Realtor.org:**
  - Department of Labor: New Overtime Rule Guidance

- **United States Department of Labor:**
  - Overtime for White Collar Workers: Overview and Summary of Final Rule
    - [http://bit.ly/1XmUYvA](http://bit.ly/1XmUYvA)
  - Small Entity Compliance Guide to the Fair Labor Standards Act’s “White Collar” Exemptions
  - Questions and Answers from the General Information Overtime Webinars