

April 2024

DOL Releases Anticipated Overtime Rule

The U.S. Department of Labor (DOL) has announced the [final overtime rule](#) that will increase the exempt salary threshold for the commonly-used white collar exemptions (administrative, executive & professional) from \$684 to \$1,128 per week (from \$35,568 per year to \$58,656 per year). The final rule also includes automatic updates to the salary threshold every three years. No changes were made to the [duties tests](#) of these exemptions, only the salary requirements were changed.

The salary changes can be implemented in two stages, with employers having to make the first wage increase from the current level (\$684 per week) up to \$844 per week by July 1, 2024. Employers will be required to have their exempt employees up to the full amount (\$1,128 per week) required by the rule no later than January 1, 2025. Additionally, the wage threshold for a highly compensated employee has changed from \$107,432 per year to \$151,164 per year – this increase can also be implemented in two stages.

Employers should begin reviewing their employees that are currently making less than the new requirements and decide how they plan to proceed – either reclassifying these employees as hourly or increasing their salaries – but should exercise caution before taking action on making any changes to pay at this time. As with past rules regarding exempt salary increases, this one is certain to face legal challenges prior to the July 1 effective date. Note that some states, such as New York and California, already have exempt wage requirements above the federal amounts listed above, so employees operating in these states will not be affected by the new federal rule.

FTC Releases Rule to Ban Non-Compete Agreements

The Federal Trade Commission (FTC) has [announced a final rule](#) that essentially bans all non-compete agreements, with very limited exceptions. Employers will also have to notify most workers under existing non-competes that those agreements are no longer valid. The new rule will go into effect 120 days after it is published in the Federal Register (so likely sometime in late August). As with the DOL overtime rule, this will be facing legal challenges prior to the effective

date. In light of this development, employers will want to consider taking alternative steps - such as using non-disclosure agreements - to protect their interests.

Adams Keegan will be monitoring these new rules and will provide updates as available. We will also be addressing these developments in more detail on our upcoming webinar, scheduled for April 26 at 10:00 AM (CDT). [Click here](#) to register.

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