

DOL's Final Rule Increases Salary Threshold for FLSA Exemptions

Labor and Employment Department
April 25, 2024

On April 23, 2024, the U.S. Department of Labor (DOL) announced the new final rule, **Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees**, which updated and revised the regulations for determining whether certain salaried employees are exempt from minimum wage and overtime requirements under section 13(a)(1) of the Fair Labor Standards Act (FLSA). Specifically, this includes increases to the standard salary level and the highly compensated employee (HCE) total annual compensation threshold.

The final rule does not change the special salary levels that currently apply in Puerto Rico and the other U.S. territories. Although DOL proposed changes to these special salary levels in the 2023 Notice of Proposed Rulemaking (NPRM), it did not finalize these proposed changes. However, DOL stated it will address the special salary levels for U.S. territories in a future final rule.

For the covered jurisdictions, the effective date for this final rule is July 1, 2024, and its full increase will take effect by January 1, 2025. A mechanism for regularly updating these thresholds was also introduced, starting with an initial update in July 2024 to reflect earnings growth. The threshold will automatically update every three years (beginning on July 1, 2027) using current earnings data.

The following table summarizes DOL's changes to the FLSA exemptions:

Date	Standard Salary Level	Highly Compensated Employee Total Annual Compensation Threshold
Before July 1, 2024	\$684 per week (or \$35,568 annually)	\$107,432 per year (including at least \$684 per week paid on a salary or fee basis)
July 1, 2024	\$844 per week (or \$43,888 annually)	\$132,964 per year (including at least \$844 per week paid on a salary or fee basis)
January 1, 2025	\$1,128 per week (or \$58,656 annually)	\$151,164 per year (including at least \$1,128 per week paid on a salary or fee basis)
July 1, 2027, and every 3 years thereafter	<i>TBD: The salary level will be determined by applying the methodology used to set the current salary level to the available data at the time of the update.</i>	

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For any questions or inquiries regarding this topic do not hesitate to contact us at info@oneillborges.com or your prime contact attorney at O'Neill & Borges LLC. Please refer to www.oneillborges.com.

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Labor and Employment Law Department

*Carlos George
Dimitri González-Izquierdo
Alberto J. Bayouth-Montes
Yldefonso López-Morales*

*Jean M. Pérez-Torres
Cristopher Santiago-Contreras
Patricia Torres-Castellano
Raymond A. Watson-Pérez*

O'Neill & Borges LLC
250 Muñoz Rivera, Suite 800
San Juan, Puerto Rico 00918-1813
Tel.: 787-764-8181 Fax: 787-753-8944