



# SANDOVAL COUNTY BUSINESS DEVELOPMENT

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Dear Sandoval County Business Owners:

Just a reminder about the new overtime/exempt employee rules that will be going into effect January 1, 2020.

The Department of Labor recently finalized its new rules to determine whether an employee qualifies as exempt from overtime under the FLSA.

The new rules for 2020 will raise the salary threshold for the executive, administrative, and professional exemptions. Starting on January 1, 2020 the salary threshold for the executive, administrative, and professional exemptions will rise from \$455 per week (\$23,660 annually) to \$684 per week (\$35,568 annually). This threshold will also apply to employees who fall under the computer employee exemption. Additionally, the "Highly Compensated Employee" exemption threshold will rise from \$100,000 to \$107,432 annually.

To assist with meeting the new threshold, the Department of Labor will allow employers to use nondiscretionary bonuses and incentive payments, including commissions, to satisfy up to 10% of the salary threshold for the executive, administrative, and professional exemptions. Discretionary bonuses cannot be used toward meeting the salary threshold. The Department of Labor will allow employers to make catch-up payments to employees who do not earn enough in nondiscretionary bonuses or incentive payments in a given 52-week period to retain exempt status, provided that the catch-up payment is made within one pay period of the end of the year.

Respectfully,

***Dora M. Dominguez, MA***

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