



Employer Planning Checklist for Salary Change Rules under the Fair Labor Standards Act

I. Overview table summary of changes and timelines:

CATEGORY	CURRENT	EFFECTIVE 7/1/2024	EFFECTIVE 1/1/2025
Executive, Administrative, and Professional (EAP) Salary Threshold	\$684/week (\$35,568/year)	\$844/week (\$43,888/year)	\$1,128/week (\$58,656/year)
Highly Compensated Employee (HCE) Salary Threshold	\$107,432/year	\$132,964/year	\$151,164/year
Future Adjustments	No Automatic Increases	Adjustment on 7/1/2027 and every 3 years thereafter.	

II. Evaluate/estimate direct compensation impact to your organization:

1. Are salaried/exempt employees making:

Less than \$844/week (\$43,888/year) as of 7/1/2024? Yes No

Less than \$1,128/week (\$58,656/year) as of 1/1/2025? Yes No

2. How many employees are below the 7/1/2024 threshold? _____

3. How many employees are below the 1/1/2025 threshold? _____

4. If yes, are these salaried/exempt employees working more than 40 hours a week?
 Yes No

[Look at time sheets, work orders, time logs or other business documentation to identify hours worked.]



5. For each employee under the salaried thresholds but are working more than 40 hours/week:

- a) Identify number of hours worked over 40/week: _____
- b) Divide their weekly salary by their total hours worked (to establish regular rate of pay): _____
- c) Take regular rate of pay (found in 5(b) and divide by 2 (get half rate): _____
- d) Multiply half rate (found in 5(c)) by hours worked over 40 (found in 5(a)): \$_____ Estimate of additional OT pay/week

[Repeat Section II (5) for all employees identified under either salaried threshold to estimate potential weekly additional OT cost.]

III. Consider employer response options:

- ✓ Maintain salary as is but treat them as non-exempt and absorb additional OT cost?
- ✓ Lower salary to account for additional OT so overall pay approximately lands to what they are currently making?
- ✓ Lower or maintain salary and establish an incentive bonus or commission program that in total meets the new salary thresholds identified in part I?
(Note: such incentives or commissions cannot be more than 10% of total salary)
- ✓ Convert affected employees to hourly and pay them on an hour for hour basis?
- ✓ Maintain salary and cap hours (add staff? Restructure responsibilities?)
- ✓ Bump up salary to meet new threshold(s) without any job changes?
- ✓ Consolidate or restructure positions to justify a bump up in salary?

IV. Consider other impacts to your organization:

- ✓ Impact on staffing in departments?
- ✓ Impact on compensation plan (does pay compression result leading to other pay adjustments with other employees to maintain internal equity)?
- ✓ Benefit impact (higher cost of PTO, retirement contributions etc. will you consider adjusting those?)
- ✓ Will you pass some of the cost of changes down to customers/clients in form of increase in pricing for goods and services?