



How the DOL's New Overtime Rule Could Impact Employee Benefits

A recent U.S. Department of Labor (DOL) [final rule](#) increases the salary thresholds used to determine whether executive, administrative and professional (EAP) employees are exempt from overtime pay under federal law. While the increased thresholds are likely to result in a significant number of previously exempt employees now qualifying for overtime pay, employers must also consider how the increased thresholds may indirectly affect their benefits offerings. Employers may need to reevaluate the following in light of the final rule:

- **How their retirement plan defines "compensation":** If an employer's retirement plan includes overtime pay in its definition of "compensation," more employees being eligible for overtime could result in increased retirement plan contributions. In addition, the increase could affect the determination of who is highly compensated for nondiscrimination testing purposes.

- **Whether eligibility for other benefits depends on exempt status:** If eligibility for health benefits or other fringe benefits depends on an employee's exempt status, more workers being classified as nonexempt could result in more employees being eligible to receive these benefits.

Important Dates

July 1, 2024

The salary level for EAP employees will increase to \$844 per week and \$132,964 per year for highly compensated employees (HCEs).

Jan. 1, 2025

The salary level for EAP employees will increase to \$1,128 per week and \$151,164 per year for HCEs.

Action Steps

In addition to evaluating existing compensation and worker classification practices to comply with the final rule, employers should carefully examine their retirement and health plan documents to determine how the rule may indirectly impact their benefits offerings. Employers should continue to monitor the implementation of the rule and any potential legal challenges.

EEOC Releases Workplace Guidance to Prevent Harassment

On April 29, 2024, the U.S. Equal Employment Opportunity Commission (EEOC) published its [final](#) guidance on harassment in the workplace. The guidance explains how the EEOC may enforce equal employment opportunity (EEO) laws against an employer when workplace harassment is alleged or suspected.

Final Guidance

In its final guidance, the EEOC provides several updated examples to reflect a wide range of modern scenarios and address emerging issues, such as how social media posting and other online content may contribute to a hostile work environment. It also incorporates current case law.

The final guidance focuses on three main considerations to analyze in any workplace harassment claim:

1. Whether the conduct is based on the individual's legally protected trait
2. Whether the conduct resulted in a hostile work environment or explicit change to the

terms or conditions of employment

3. Whether there is any legal basis for holding the employer liable

The guidance explains that an employer may be liable for workplace harassment under several legal standards that often depend on the harasser's relationship with the employer. The guidance also describes preventive and corrective actions an employer may take to help establish defenses against liability for workplace harassment. This final guidance consolidates and replaces the earlier documents.

Employer Next Steps

Employers subject to EEO laws should familiarize themselves with the final guidance. They may also consider reviewing and revising their policies and procedures to ensure compliance with the final guidance.

Contact us today for more information.

