

# Paychex Explains How New Overtime Rule May Affect Employers

ROCHESTER, N.Y.--(BUSINESS WIRE)-- With the U.S. Department of Labor's proposed expansion of overtime protections expected to impact millions of American workers and their employers, Paychex, Inc., a leading provider of payroll, human resource, insurance, and benefits outsourcing solutions for small- to medium-sized businesses, is outlining key aspects of the newly proposed overtime regulations.

"While some aspects of the new overtime regulations may change following the official comment period, all indications are that the updated rules will go into effect sometime in 2016," says Martin Mucci, president and CEO of Paychex. "Paychex will continue to monitor this issue on behalf of our clients, and we'll be there to support them with the solutions needed to manage these new requirements."

Here are the highlights of the DOL's proposed overtime regulations:

- **What does the proposed rule address?** The DOL's proposed rule updates the overtime regulations under the Fair Labor Standards Act, and is specifically intended to address the executive, administrative, and professional (white collar) and highly compensated exemptions from minimum wage and overtime pay protections. With this proposed rule, the DOL is seeking to revise the minimum salary level required for these exemptions. In order to prevent the levels from becoming outdated, the DOL is proposing for the first time ever to include a mechanism to automatically update the salary and compensation thresholds on an annual basis using either a fixed percentile of earnings for full-time salaried workers or the Consumer Price Index.
- **Who may be eligible for overtime protections under the proposed rule?** The DOL last updated these regulations in 2004 with a minimum salary threshold of \$455 per week (\$23,660 per year) for the white collar exemptions. Under the proposed rule, the DOL is suggesting the minimum salary level for these exemptions be set at the 40th percentile of earnings for full-time salaried workers, estimating a 2016 level to be about \$970 a week, or \$50,440 a year. A new minimum annual compensation needed to qualify for the highly compensated exemption is proposed to be set at the 90<sup>th</sup> percentile.
- **When will these changes take effect?** The new rule is officially in a public comment period through September 4, 2015, during which interested parties are invited to provide feedback. Once the comment period closes, the DOL will review all the responses and issue a final rule which would include an effective date. While the final rule is expected in early 2016, there is no mandatory deadline. The effective date will likely be within 60 or 90 days of the publication of the final rule.

Paychex has an advanced suite of time and attendance products, including web and mobile tools, to assist businesses and employees with the scheduling, tracking, and reporting of

time. The solutions from Paychex can assist companies with efforts to enforce their own policies and comply with applicable rules and regulations.

For more information on the DOL's new overtime rule, visit the [Regulatory Updates](#) section of [www.paychex.com](http://www.paychex.com).

*Note: The foregoing is provided for informational purposes only, and is not intended to be tax or legal advice. Consult your licensed attorney, accountant, or other tax professional to discuss your particular facts, circumstances, and how these opportunities might apply to your business.*

## **About Paychex**

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex®. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 590,000 payroll clients as of May 31, 2015. For more information about Paychex and our products, visit [www.paychex.com](http://www.paychex.com).

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Source: Paychex, Inc.