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## **New Federal Salary Increase For Exempt Employees On Hold Pending Further Court Action**

A Texas federal court judge has issued a temporary injunction that stops the US Department of Labor from implementing the DOL's new increase to the exempt status minimum salary. Prior to this order, the new minimum salary for exempt status under federal law was set to jump to \$47,476 per year as of December 1, 2016. This injunction is temporary pending further court action but, for the time being, there is no legal requirement to increase exempt employee salaries to \$47,476 in order to maintain exempt salary status.

When the rule was originally issued, many employers were faced with the prospect of either increasing salaries to \$47,476, or moving previously exempt employees to non-exempt status, with all the hassles and restrictions imposed by non-exempt status. Either option can create hardship, financial issues, salary compression, operational challenges and morale issues. These concerns are on hold for the moment, but it is impossible to predict whether that temporary relief will continue, and for how long.

If you have already increased salaries or reclassified employees as non-exempt based on the DOL rules, you should think carefully before making any decision to undo those changes. If you have not yet made changes and have not communicated with employees about salary increases or exempt status reclassification, you still have time to think through your options. In either case, feel free to contact us if you have questions.

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## Save-the-Date for SMT's Annual Employment Law Update

January 13, 2017

Morning Seminar 8:30 - 10:30 am

Afternoon Seminar 1:30 – 3:30 pm

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