



Changes Coming With The New Overtime Rule

by [Steve Brown](#) Topics: [human resources](#), [employees](#)

Summary: The Department of Labor announced a final rule to make about 1.3mm workers eligible for overtime pay. What could this mean for your institution?

Bankers get a ton of email every day, which is why we found research from the University of Sussex on this interesting. It finds the four primary reasons employees will log in remotely to answer work emails are: showing concern for a coworker, getting work done effectively, preserving their own well-being, or having control over their work.

Speaking of work, the [Department of Labor](#) (DOL) in September announced a final rule to make about 1.3mm workers eligible for overtime pay. The new rules update existing thresholds last touched in 2004 and go into effect Jan 1.

Here's a sampling of what's changing and will most likely impact community financial institutions.

The DOL is raising the "standard salary level" to \$684 per week, or \$35,568 per year for a full-year worker. This compares to the current level of \$455 per week, or \$23,660 per year.

Also, the total annual compensation requirement rises for what are considered "highly compensated employees" to \$107,432 per year from \$100,000 per year. Companies are allowed to use nondiscretionary bonuses and incentive payments (including commissions) paid at least annually to satisfy up to 10% of the standard salary level.

While January is still a ways off, you may have some homework to do in preparation. One thing you need to consider is the effect these new requirements may have on employee benefit plans as well. This could be an issue for some that have different benefit tiers for salaried/exempt and hourly/nonexempt workers, for example. Carefully review these plans accordingly, since the new law could have possible impacts on matching contributions and nondiscrimination testing, for instance.

Health plans and other benefits could also be impacted, so be sure to review these areas as well. A change in who is eligible for certain benefits could impact a plan's cost and effectiveness, so it bears further investigation.

Community financial institutions that classify employees as exempt from overtime based only on salary should take a closer look and reevaluate this practice. The new rules require you to recognize and consider the need to meet the "duties tests" for executive, administrative, or professional employees.

Of course, you will still need to ensure you are complying with applicable state wage law. The new rules do not prevent a state from establishing its own protective standards. If a state chooses to do so, the higher standard applies in that state.

As always, be sure to consult with legal counsel to ensure your institution's practices are updated appropriately to comply fully with federal and state wage laws.

BANK NEWS

Record Departures

A report by Challenger, Gray & Christmas finds [October was the highest month](#) in history for chief executives leaving their jobs. During that month, 172 CEOs departed, bringing the year to 1,332 for US based companies.

Appraisal Threshold

The regulatory agencies published in the Federal Register a final rule increasing the appraisal threshold for residential real estate transactions from \$250k to \$400k, effective immediately.

M&A

1) The holding company (First Horizon National Corp) of First Tennessee Bank (\$43B, TN) and the holding company (IBERIABANK Corp) of Iberiabank (\$32B, LA) will combine in a \$75B merger of equals for stock (100%). The combined bank will be called First Horizon. **2)** United Business Bank (\$1.8B, CA) will acquire Grand Mountain Bank (\$131mm, CO) for about \$13.9mm in cash (100%) or 1.26x tangible book. **3)** Sandy Spring Bank (\$8.4B, MD) will acquire investment and financial advisory firm Rembert Pendleton Jackson (VA). Rembert has \$1.3B in assets under management. **4)** First State Bank (\$1.1B, IL) will acquire H. F. Gehant Banking Co. (\$58mm, IL) for an undisclosed sum.

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