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FTC Bans Noncompete Agreements – What Will Be Its Impact?

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Recently, the Federal Trade Commission (FTC) released a final rule **banning noncompete contracts nationwide**. Existing **noncompetes are still allowed for senior executives, but existing noncompetes for the rest of the workforce are no longer enforceable**. Further, while existing noncompetes are still allowed for senior executives, employers are banned from attempting to enforce any new non competes, suggesting that **in the future even senior executives will no longer be in non competes**.

A noncompete agreement is an **agreement between an employer and employee that prevents the employee from entering into competition with the employer after the employment period is over**. This means that if an employee leaves a job where they have signed a noncompete agreement, that employee will be unable to get a new job in the same field; instead, the employee will have to find a new job in a different field, which limits the employee's career growth.



WITH THE BANNING OF NONCOMPETE AGREEMENTS, THE FTC EXPECTS NEW BUSINESSES TO GROW BY 2.7% EACH YEAR, HIGHER EARNINGS FOR WORKERS, AND OVER 8,500 NEW STARTUPS TO BE CREATED A YEAR



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