

[Company Letterhead/Logo]

[Date]

[Employee Name]

[Employee ID]

[Department]

Subject: Notification of Annual Compensation Adjustment

Dear [Employee Name],

We are pleased to inform you that following your recent performance review, the company has decided to adjust your compensation structure. To provide you with more consistent guaranteed earnings, we are converting a portion of your annual bonus potential into your base salary.

Effective [Effective Date], your compensation will be adjusted as follows:

- **Previous Annual Base Salary:** \$[Amount]
- **New Annual Base Salary:** \$[Amount]
- **New Monthly/Bi-weekly Gross Pay:** \$[Amount]

As a result of this increase to your base pay, your target annual bonus percentage will be adjusted to [New Percentage]% to reflect the new structure. All other terms and conditions of your employment remain unchanged.

This adjustment is a reflection of your hard work and continued contributions to [Company Name]. We appreciate your dedication and look forward to your future success with the team.

Please sign below to acknowledge receipt of this notification and return a copy to the Human Resources department by [Date].

Sincerely,

[Manager Name]

[Title]

[Company Name]

Acknowledgment:

I accept the adjustment to my base salary and compensation structure as outlined above.

Signature: _____ Date: _____