[Date]

[Employee Name]
[Employee ID]
[Department]

Subject: Notification of Change in Employment Status and Compensation

Dear [Employee Name],

This letter is to formally notify you of a change regarding your employment status with [Company Name]. Effective [Effective Date], your position as [Job Title] will transition from **Exempt** to **Non-Exempt** status.

This change is being made in accordance with [the Fair Labor Standards Act (FLSA) / internal restructuring / state regulations].

Compensation Details:
As a non-exempt employee, you will transition from an annual salary to an hourly rate. Your new hourly rate will be $[Hourly Amount] per hour. This rate was calculated to ensure your base annual compensation remains [consistent / adjusted as follows].

Overtime Eligibility:
As a non-exempt employee, you are now eligible to receive overtime pay. For all hours worked in excess of [40 hours per week / 8 hours per day], you will be paid at a rate of one and one-half (1.5) times your regular hourly rate. Please note that all overtime must be pre-approved by your supervisor.

Timekeeping Requirements:
Starting on [Effective Date], you are required to accurately record your daily working hours using [Name of Timekeeping System]. This includes recording your start time, end time, and unpaid meal breaks.

Benefits and Payroll:
Your benefits eligibility will [remain the same / change as follows]. You will continue to be paid on a [weekly / bi-weekly] basis, with your first paycheck under this new status occurring on [Pay Date].

Please sign and return a copy of this letter to Human Resources by [Deadline Date] to acknowledge your receipt of this notification.

Sincerely,

[Manager or HR Representative Name]
[Title]
[Company Name]

Employee Acknowledgment:

I acknowledge that I have received this notification and understand the changes to my employment status and compensation.

Signature: _____ Date: _____