[Date]

[Employee Name]
[Employee ID]
[Department]

Subject: Notification of Change in Employment Status and Compensation

Dear [Employee Name],

This letter serves as formal notification that your employment status with [Company Name] will change from exempt (salaried) to non-exempt (hourly), effective [Effective Date].

Compensation Details:

- **New Hourly Rate:** $[Amount] per hour
- **Pay Frequency:** [e.g., Bi-weekly/Weekly]
- **Overtime Eligibility:** As a non-exempt employee, you will now be eligible for overtime pay at a rate of 1.5 times your hourly rate for all hours worked in excess of 40 hours per workweek (or as required by state law).

Timekeeping Requirements:

Starting on [Effective Date], you are required to accurately record all hours worked using [Name of Timekeeping System]. You must clock in at the start of your shift, clock out for unpaid meal breaks, and clock out at the end of your workday. All overtime must be approved in advance by your supervisor.

Benefits and Seniority:

This transition will not affect your original hire date or your current benefit elections, except where specifically noted in the attached summary. Your vacation/PTO accrual rate will [remain the same / be adjusted to the hourly schedule].

Please sign and return a copy of this letter to [HR Department/Contact Person] by [Date] to acknowledge your receipt and understanding of these changes.

Sincerely,

[Signature]
[Sender Name]
[Title]

Acknowledgment:

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

_____
Employee Signature

_____
Date