

[Company Name]
[Company Address]
[City, State, Zip Code]

[Date]

[Employee Name]
[Employee Address]

Subject: Update Regarding Your Compensation Structure and FLSA Status

Dear [Employee Name],

This letter is to inform you of a change regarding your position as [Job Title]. Effective [Date], your position will be reclassified from Exempt to Non-Exempt status under the Fair Labor Standards Act (FLSA).

What This Means for You:

As a Non-Exempt employee, you will now be paid on an hourly basis rather than a fixed salary. Your new hourly rate will be \$[Amount] per hour. This rate was calculated to ensure your annualized earnings remain consistent with your previous salary, based on a standard [Number]-hour work week.

Overtime Eligibility:

Beginning [Date], you will be eligible to receive overtime pay at a rate of 1.5 times your hourly rate for any hours worked in excess of 40 hours per work week. Please note that all overtime must be approved in advance by your manager.

Time Tracking:

To comply with federal regulations, you are now required to accurately record your daily work hours, including start times, end times, and unpaid meal breaks. Please use the [Name of Timekeeping System] to log your hours.

Benefits:

Your current benefits, including [list benefits such as health insurance, 401k, etc.], will not be affected by this change in classification.

Please sign and return a copy of this letter to [Department/Person] by [Date] to acknowledge that you have received and understood these changes.

If you have any questions regarding this transition, please contact [Name/HR Department].

Sincerely,

[Signature]

[Name of Sender]

[Title of Sender]

Acknowledgment:

I acknowledge that I have received this notification regarding my change to Non-Exempt status and my new compensation structure.

Employee Signature: _____ Date: _____