# FLSA Reclassification Letter

Red text denotes a field that needs to be changed by the user.

[Date]

[Name]  
[Street Address]  
[City, State ZIP]

Dear [Employee Name],

This letter is to inform you that your position has been reclassified as non-exempt. This change will be effective [enter date], at which time you will be paid [per hour, salary non-exempt, per piece rate]. Details on the reason for this change along with steps for the future are provided below, but please feel free to visit with your manager or [HR representative’s name] with any questions. We are here to answer questions and will provide as much information as possible.

We’d like to provide you with some background on changes to the law that have affected your employee classification. The federal Fair Labor Standards Act (FLSA) and state laws govern position classifications as exempt or non-exempt, and these laws apply to all positions. Positions that are exempt from the FLSA meet very specific criteria such as a minimum salary amount, salary pay basis, and specific job duties. Positions that do not meet these criteria are called non-exempt, and the laws require that non-exempt positions are paid overtime and minimum wage.

Prior to recent federal law changes, exempt positions making $455 per week [$800 per week in California; $675 per week in New York] were not eligible for overtime or minimum hourly rates of pay. Therefore, because of your previous classification as exempt, your position was not eligible for these.

However, in July, 2015 the Department of Labor proposed changes to what are common referred to as the White Collar Exemptions. The proposal was to increase the minimum salary to $970 per week. The final rule, released on May 18th, and effective December 1st, 2016, increased the minimum salary to $913 per week, or $47,476 annually.

[Company] has reviewed your position with these legal rule changes in mind and has elected to reclassify the position as non-exempt.

As a non-exempt employee, you will be asked to track and record all hours worked, and you will receive overtime if you work more than 40 hours in a workweek. For your reference, our company workweek begins at 12:00am on [day, e.g. Sunday] and ends at midnight on the following [day, e.g. Saturday].

There are several company policies and practices that are important to be aware of with regards to your new classification, and we will hold a company training on [date] at [time]. [Alternative: There are several company policies and practices that are important to be aware of with regards to your new classification. Your manager/supervisor will share these with you, and [HR representative’s name] is available to answer any questions. Alternative: There are several company policies and practices that are important to be aware of with regards to your new classification; they are attached to this letter, along with an acknowledgement form. Your manager will find time to set aside for you to review these policies and ask questions.]

You play a key role with [Company] and we assure you that this is not a demotion and has nothing to do with your value to [Company]. We value your contribution and hard work for our team! This change is being driven by the updated FLSA rules and has nothing to do with your performance or contributions to the company. Your job title and job duties will not change.

[Optional, and suggested if true: Steps have been taken to ensure that this change to non-exempt does not result in a decrease in your compensation. In fact, if you work 40 hours per week, your compensation should remain the same. Additionally, because you are now eligible for overtime, your compensation may actually increase if you work more than 40 hours. However, please note that all company overtime must be approved ahead of time by a manager or supervisor.]

If you have questions concerning this action or need further clarification about your classification, please reach out to me or your manager.

Sincerely,

[Signature]

[Name and Position Title]

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