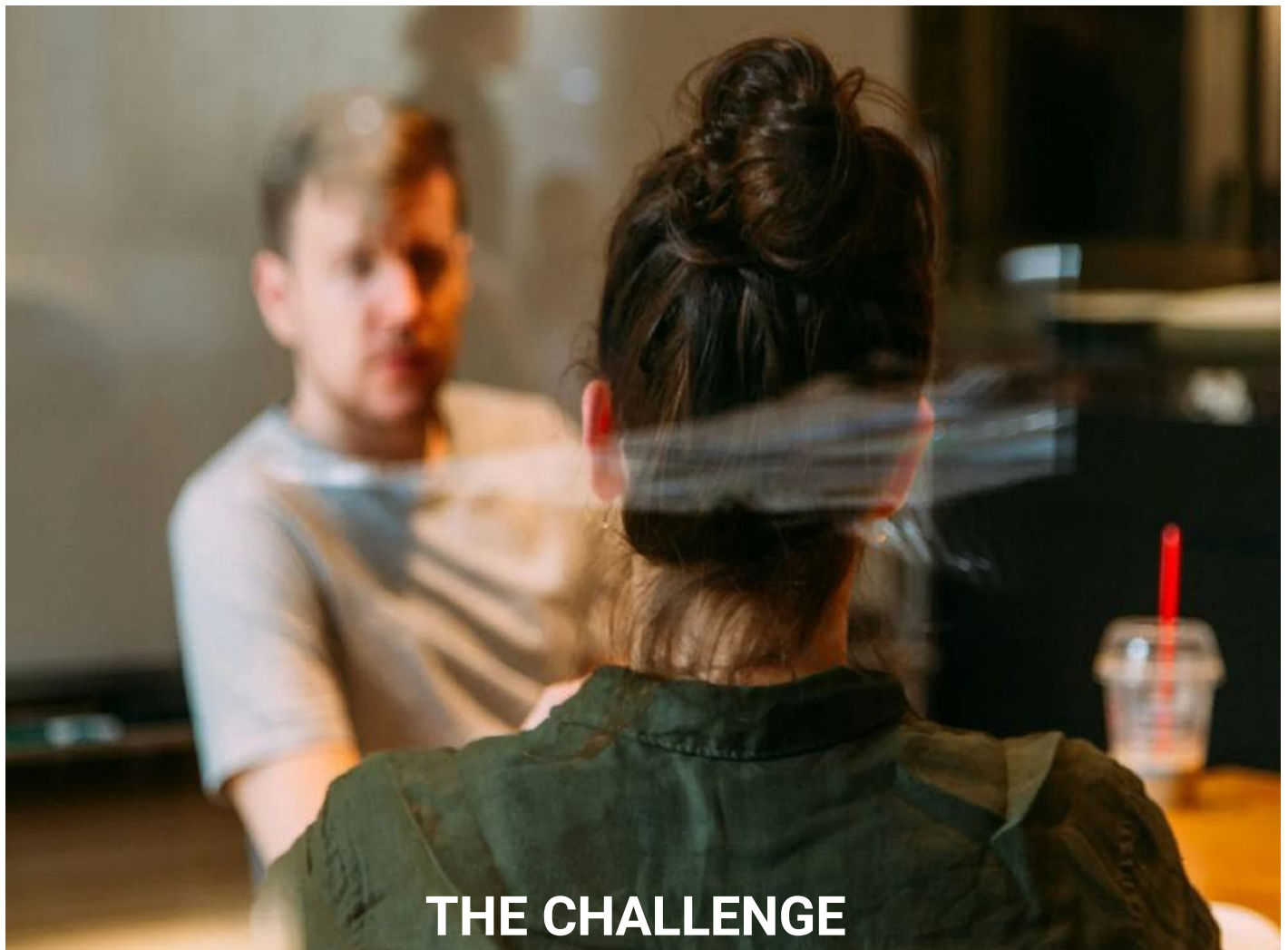


Know What To Say And How To Say It

The \$70,304 Cliff:
Your Reclassification Conversation *Coach*



THE CHALLENGE


You're sitting at your desk. Payroll deadline looming. Staring at a list of names.

Three people on your team earn less than \$70,304. Starting January 1st, they can't stay salaried. California says so. **And you have to be the one to tell them.**

You already know how this can go wrong. The employee hears "hourly" and translates it to "demoted." They smile, nod, say they understand. Then they update their LinkedIn that night.

This guide gives you the exact script to have that conversation—without losing their trust.

Key Information

- \$70,304 - New minimum salary for exempt employees (CA)
 - Jan1st - Effective date no grace period
 - Choices - Give them a raise or reclassify them
- 



THE CONVERSATION SCRIPT

This is your word-for-word roadmap. Adapt it to your style, but don't

Step 1: Open with Context

"I want to talk with you about a change that's required by California labor law. As of January 1st, the state is raising the minimum salary threshold for exempt employees to \$70,304."

Why this works: You're being direct. No preamble. No softening. This establishes the frame: external requirement. not internal decision.

Step 2: State the Change Clearly

"Because your current salary is below that threshold, we need to reclassify your position from exempt to non-exempt. That means moving from salaried to hourly."

Why this works: Clean, factual statement. No apologies. No

Step 3: Explain What Changes

"Here's what actually changes: You'll track your hours going forward. If you work more than 40 hours in a week, you'll be paid overtime at time-and-a-half."

Why this works: Concrete. Operational. Strips away the stigma by focusing on

Step 4: Address Compensation Directly

"Your hourly rate will be [calculated rate]. Based on your typical schedule, your take-home will be at least what it is now. If you work overtime, you'll earn more."

Why this works: Money is the first silent question. Answer it explicitly.

Step 5: Invite Questions

"What questions do you have?" This assumes they have questions and invites them to ask.

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Disclaimer: This guide provides general information and should not be considered legal advice. Consult with legal counsel or a qualified HR professional about your specific situation.

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Source: California Labor Code Section 515, FLSA regulations, and recent DOL guidance.