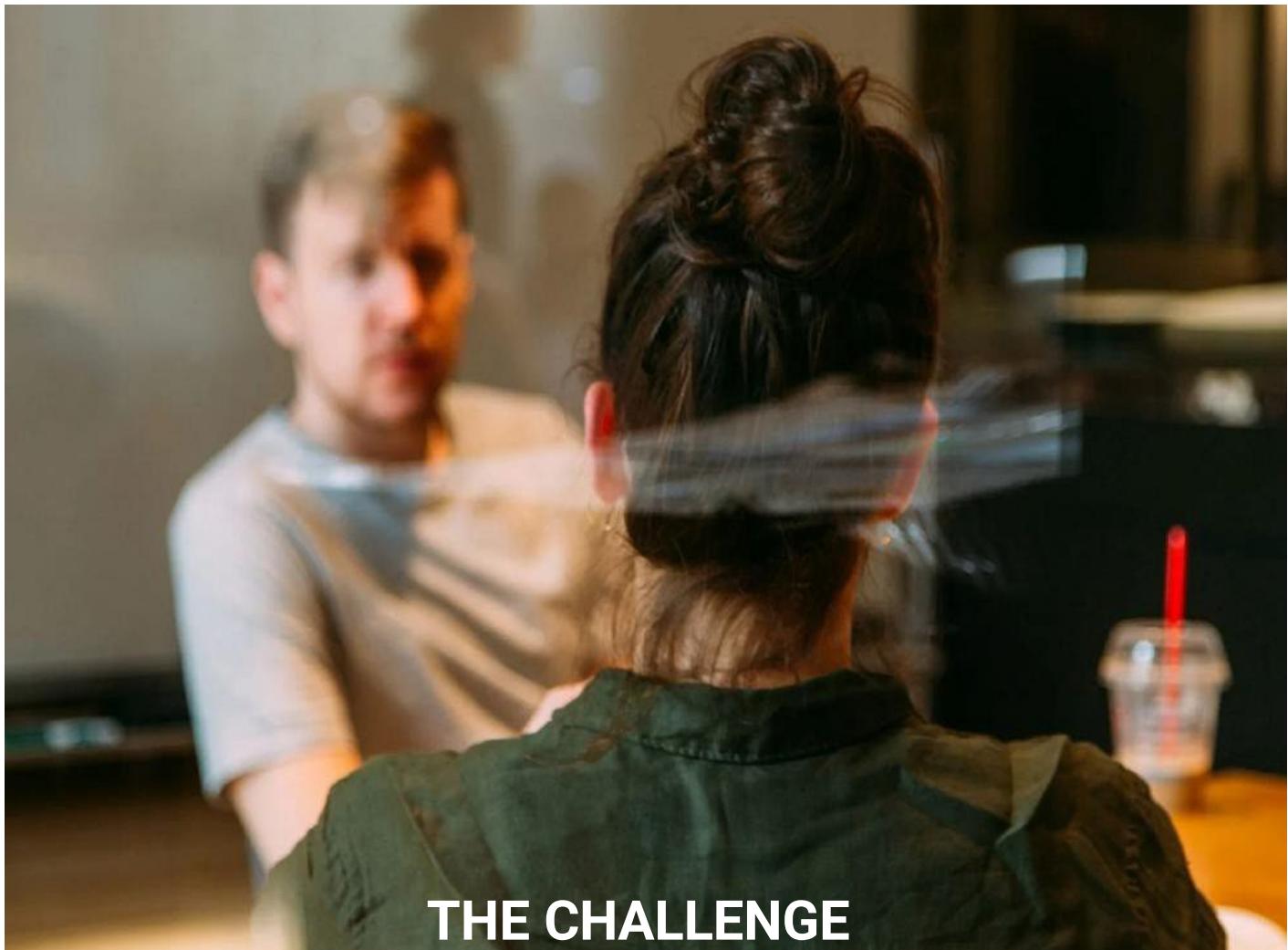


**The \$70,304 Cliff:**  
Your Reclassification Conversation *Coach*

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## 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)
- Jan 1st - Effective date no grace period
- Choices - Give them a raise or reclassify them



# THE CONVERSATION SCRIPT

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**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.*