Salary Increase Letter

Use company letterhead. Choose one reason paragraph and delete the others. All figures must match the approved compensation record before the letter is issued.

HEADER

[Company Legal Name]
[Company Address]

[Date]

PRIVATE AND CONFIDENTIAL

[Employee Full Name]
Employee ID: [Employee ID]
[Job Title], [Department]

OPENING

Dear [Employee First Name],

I am pleased to confirm an increase to your base pay, effective [Effective Date].

PAY DETAILS

- Current base pay: [Current Pay, e.g. $19.00 per hour / $62,000 per year]
- New base pay: [New Pay]
- Increase: [Amount] ([Percentage]%)
- Effective date: [Effective Date]
- First paycheck reflecting the change: [Pay Date]

Your job title, grade and other terms of employment are unchanged.

REASON FOR THE INCREASE (CHOOSE ONE)

[Merit increase: This increase reflects your [Rating] rating in the [Year] performance review, and in particular [one or two specific results, e.g. holding a 92% quality score while taking on training of six new hires].]

[Market adjustment: We review our pay ranges against market data each year. Based on the latest review, we have adjusted pay for [Job Title] roles, and your new rate reflects that adjustment.]

[Cost-of-living adjustment: This is a general [X]% cost-of-living adjustment applied to all eligible employees in [location / group].]

[Skill or certification increase: This increase follows your completion of [certification or skill block], which moves you to step [X] of the [Job Title] pay scale.]

[Equity adjustment: Following a review of pay within your role, we have adjusted your pay to align with others in similar positions with comparable experience and performance.]

VARIABLE PAY AND BENEFITS (OPTIONAL)

[Your target bonus remains [X]% of base pay, which means your target bonus amount will increase in line with your new base pay.] [Benefits tied to salary, such as life insurance and 401(k) matching contributions, will be calculated on your new pay from the effective date.]

CLOSING

Thank you for your contribution to [Team / Company]. If you have questions about this change, please speak with [Manager Name] or contact [HR Contact Name] at [HR Email].

Please keep the details of this letter confidential to you, your household and your advisers, except where you choose to share your own pay as permitted by law.

Sincerely,

[Manager Name]
[Manager Title]

[HR Representative Name]
[HR Title]

ACKNOWLEDGEMENT (OPTIONAL)

☐ I acknowledge receipt of this letter

Employee signature

Date

Date