

Merit cycle kickoff email to managers template

Launch the annual compensation review with budgets, guidelines, deadlines, and pay equity checks.

Updated October 15, 2026. Written and reviewed by the HRTally Research Team.

When to use this template

Use this to launch your annual merit or compensation review with managers. It sets the budget, the guidelines for distributing it, the timeline, and the rules for talking to employees. A strong kickoff email prevents the classic problems: managers spreading the budget evenly regardless of performance, promising raises before approval, or making decisions that create pay gaps.

Include a pay equity reminder and ask managers to explain any decision that places someone very differently from peers in similar roles. Our salary bands and compensation strategy guide covers how to build merit guidelines, and compensation management software runs the cycle with approvals and budget tracking.

Version 1: Kickoff to managers

SUBJECT [Year] merit cycle: guidelines and deadlines

Hi managers,

Our [Year] merit cycle starts today. Here is what you need to know.

Budget: [Percentage] of base salary for your team, available in [Tool or spreadsheet].

Guidelines: [Merit matrix or guidance, such as increases should generally range from X to Y percent for strong performers, with a higher range for those low in their pay band].

Promotions: [How to submit, and whether they come from a separate budget].

Timeline:

- [Date]: recommendations due in [Tool]
- [Date]: calibration and HR review
- [Date]: final approvals
- [Date]: managers share decisions with employees
- [Date]: increases effective

Please don't discuss specific increases with employees until final approval on [Date]. Plans can change during review.

Pay equity: before submitting, compare your recommendations for people in similar roles. If two people

doing similar work end up with very different pay, add a short note explaining the job-related reason.

Training: we will hold a 30-minute session on [Date]: [Link]. Talking points for employee conversations will follow.

[Compensation or HR lead]

Version 2: Reminder before the deadline

SUBJECT Merit recommendations due [Date]

Hi managers,

A reminder that merit recommendations are due in [Tool] by [Date].

So far, [Number] of [Number] teams have submitted. If you need help with the tool or have a question about a specific case, book time with [Compensation contact]: [Link].

Please remember not to share any numbers with your team until [Date].

[Compensation or HR lead]

Subject lines to try

- [Year] merit cycle: guidelines and deadlines
- Merit recommendations due [Date]
- Compensation review kicks off today
- Your merit budget and timeline
- Before you submit: pay equity check

How to personalize it

- Give managers a clear merit matrix or range, not just a budget.
- Separate promotion budgets from merit budgets if you can.
- Ask for written reasons on outliers.
- Train managers on how to deliver the news.

Mistakes to avoid

- Letting managers share numbers before final approval.
- Spreading the budget evenly regardless of performance.

- Ignoring pay compression between new hires and tenured staff.
- Skipping a pay equity check before approval.

| Legal and compliance notes

The federal Equal Pay Act and Title VII prohibit pay discrimination based on sex, race, and other protected characteristics, and many states have stricter equal pay laws that cover substantially similar work. Pay transparency laws in a growing number of states require employers to disclose pay ranges, which makes inconsistent pay more visible. A privileged pay equity analysis with counsel is a common practice. See our [pay transparency guide](#) .

| When to send it

Send the kickoff four to six weeks before the effective date, after budgets are approved and performance reviews are complete. Send a reminder a week before the recommendation deadline.

| Before you hit send

- Payroll has checked every number in the email against the system.
- The effective date leaves enough time before the payroll cutoff.
- State notice rules for pay changes were checked for each affected state.
- The email doesn't mention anyone else's pay.
- Tax treatment, such as supplemental withholding, is explained in plain words.

Find 73 more free HR email templates at hrtally.com/email-templates

Compare HR software, read independent reviews, and get free quotes at www.hrtally.com

Related: [Salary increase notification](#), [Performance review reminder](#), [Bonus announcement](#)