



How an **Extra Payroll Period in 2026** Impacts Payroll

For employers that run biweekly payroll, 2026 introduces a unique scheduling challenge. Because Friday, Jan. 1, 2027, is a federal holiday, many employers that typically use a Friday pay date will need to shift that payday earlier in the week—placing it in 2026. As a result, under most payroll structures, Thursday, Dec. 31, is likely to become the final payday of 2026. The cadence of 27 payroll dates occurs roughly once every 11 or 12 years due to the mismatch between calendar days and leap years.

An **extra pay period** can impact:

Payroll accuracy

Benefits contributions

Budgets and cash flow

Notice requirements

FLSA compliance

State and local compliance

Employee expectations

Option 1: Pro-rated Pay

- Divide annual salary by 27 pay periods
- Avoids overpayment
- Lower take-home pay per check

Option 2: Pay as Usual

- Keep 26 standard paychecks
- Add a 27th paycheck on Dec. 31
- Increases total payroll costs

In both options, the 27th paycheck usually does not include benefits contributions.

What Employers Can Do Now

Proactive planning can help employers control payroll costs and avoid employee confusion later on in the year. As such, here are action steps for employers that run biweekly payroll:

Review your 2026 payroll calendar.

Audit benefits deductions and limits.

Budget for potential added payroll.

Avoid midyear pay-cycle changes.

Communicate clearly with employees.

Check with your payroll vendor.

Confirm payroll system readiness.

Due to rules for both single-state and multistate employers, organizations should consult with local legal counsel for guidance on payroll.

Contact us for more information.