

# Leap Year Payroll Checklist

Leap years increase the chance of an extra pay period, but the number of pay periods you have can actually vary *each* year depending on your pay date and frequency.

Use this checklist to navigate payroll with an extra pay period and keep track of everything affected by this change.

## 1 Assess Your Employees & Pay Frequency

If you have salaried employees paid weekly or bi-weekly, an extra pay period may affect you. Proceed to Step 2. If you don't, you can stop here. Your payroll won't be affected!

## 2 Count Your Pay Periods

If your count results in 26 or 52 pay periods, you have a normal amount of pay periods and won't need to make any changes. If you have 27 or 53, you will have an extra pay period, so proceed to Step 3.

## 3 Review Offer Letters, Collective Bargaining Agreements, & Salary Documentation

If these documents state that employees are paid in weekly or bi-weekly installments of equal amounts, you must choose Step 4, Option #1. If these documents only state an annual salary, choose any of the options in Step 4 to account for the extra pay period.

\* Collective bargaining agreements are usually very specific about pay periods and compensation, so if you have any, review them carefully

## 4 Pick a Payroll Option

1. Give employees their regular paycheck amounts with an additional paycheck at the end of the year,
2. Divide salaries by 27 or 53 (instead of 26 or 52),
3. Divide salaries by a more precise number, or
4. Change your pay frequency or pay date.

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**Review These Items Any Year You Have 27 or 53 Pay Periods** (whether it's a leap year or not)

- Health Plan Premium Contributions - Adjust any deductions based on 26 or 52 pay periods. Either recalculate for the additional period or block deductions during the extra week.
- Special Wage Payments - Recalculate special wage payments based on 26 or 52 pay periods. One example is child support payments taken from employee wages.
- Income Tax Withholding - Ensure your federal, state, and local income tax withholding is adjusted so you don't accidentally withhold too little.
  - If employees like to withhold more or less than the standard amount, tell them that they might need to adjust their own calculations.
- Benefit Contributions - Let your employees know that the extra pay period may affect how much they contribute to their 401(k)s, HSAs, and FSAs.
  - If they like to contribute the maximum amounts, they may have to change how much they deduct from each paycheck to reach that number by the end of the year.

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**Check These Items During Leap Years Only:**

- If your calculations depend on the number of days in a year, make sure to update that number in your formulas from 365 to 366.
- If you use a payroll provider, make sure they've accounted for February 29th in their system.

**Check out our blog for more information.  
Then, reach out to us with any additional payroll questions.**