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## **CLIENT ALERT**

# **2026 Is a 27-Pay-Period Year: What Employers Need to Know**

***By Erin Schiffman, Esq.***

Employers who pay employees on a bi-weekly basis typically issue 26 paychecks per year. But the alignment of the 2026 calendar creates an additional pay period. Although this is a predictable occurrence, it often catches employers off guard, and when not addressed proactively, the additional pay period can lead to payroll errors, employee confusion, and potential wage-and-hour exposure. Read on to find out more about how this 27-pay-period year could affect employers and employees.

***Why 2026 is Different.*** Bi-weekly payroll runs every 14 days. While most years accommodate 26 paydays, every 11 years or so, the calendar creates an additional payday within the same calendar year. For employers whose first bi-weekly payday falls early in January 2026, a 27th payday will occur in December 2026. Although the extra pay period does not change an employee's agreed-upon annual compensation, it does require employers to ensure that their pay practices and documentation align with applicable law.

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# 2026 Is a 27-Pay-Period Year: What Employers Need to Know (con't)

**Key Issues for Employers.** For **salaried (exempt) employees**, employers often calculate bi-weekly pay by dividing an employee's annual salary by 26. In a 27-pay-period year, this approach can result in:

- Overpayment if the same bi-weekly amount is paid 27 times; or
- Improper reductions to salary that may jeopardize the employee's exempt status if not handled carefully.

Any adjustment must comply with the federal Fair Labor Standards Act ("FLSA") and applicable state laws.

**Offer letters, employment agreements, and compensation plans** frequently reference:

- A per-pay-period salary amount; or
- An annual salary "paid bi-weekly."

In a 27-pay-period year, imprecise language can create uncertainty or disputes over pay expectations.

Employers should also review **benefit contributions, garnishments, and other deductions that are calculated on a per-pay-period basis** to ensure annual totals remain accurate.

**State and Local Specific Pay Change Notice Requirements.** In addition to federal considerations, employers should be aware that state and local laws may require advance notice if an employee's pay within a pay period will be

reduced, even if the employee will ultimately receive their full yearly salary. Below are the state-specific notice requirements for employers operating in Maryland, Virginia, and the District of Columbia:

## Maryland

The Maryland Wage Payment and Collection Act requires employers to provide written notice of wage changes before the change takes effect. This notice must be provided at least one pay period (typically 2-weeks) in advance of the reduction in pay. In other words, if an employer adjusts per-pay-period amounts to account for a 27-pay-period year, advance notice is required one pay period prior to each reduction.

## Virginia

Virginia Code § 40.1-29 similarly mandates that employers give employees written notice of any change to their rate of pay. Any amount to be withheld from wages, except taxes, must be approved in writing by the employee.

## Washington, D.C.

Under the D.C. Wage Theft Prevention Act, employers must provide employees with written notice of pay information, including the rate of pay and pay basis. Any change to an employee's rate or method of pay must be communicated in writing within 30 days of making the change.

Importantly, even if an employee's annual salary remains the same, modifying the bi-weekly payment amount may still trigger these notice obligations.

**What Employers Should Do Now.** To prepare for 2026, employers should consider:

- Confirming whether their payroll calendar will include 27 pay periods;
- Reviewing how exempt employees' salaries are structured and paid;

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- Auditing offer letters, employment agreements, and compensation plans for clarity;
- Coordinating with payroll providers and HR teams well in advance; and
- Providing timely, compliant pay change notices where required.

**Takeaway.** A 27-pay-period year is manageable with advance planning. Addressing the issue now can help employers avoid compliance missteps and unnecessary disputes later.

Odin, Feldman & Pittleman, P.C. advises employers nationwide on wage-and-hour compliance, payroll practices, and employment documentation. If you have questions about how the 2026 payroll calendar may affect your organization, our employment law team is available to help.

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***For further assistance, please contact an employment law attorney at 703-218-2100.***

***This client alert serves as a guideline and does not constitute legal advice. For more specific legal counsel, please consult your attorney directly or contact Odin Feldman Pittleman at the number above.***