Comprehensive Year-End HR Checklist for SMBs

Year-end can be a busy time for HR, with payroll, benefits, compliance, and performance reviews all happening at once. This comprehensive year-end HR checklist is designed to guide you through each critical task, helping you stay organized, maintain compliance, and set your team up for a strong start to the new year.

Important Year-End Dates to Remember

December 15–31	Final payroll run adjustments and PTO payouts
December 31	End-of-year reporting cutoff for payroll and benefits
January 1	New year policies and PTO balances take effect
January 31*	Deadline to distribute W-2s to employees
January 31*	Deadline to distribute 1099s to contractors
March 2	ACA Forms 1095-C/1095-B filing to employees (if applicable)
February 28/ March 31	ACA filing deadline to IRS (paper/e-file)

* If date falls on a Saturday, Sunday, or legal holiday, then deadline is next business day.

Payroll & Compensation

- [ ] Reconcile all payroll runs for accuracy
- [ ] Verify employee hours, overtime, and pay rates
- [ ] Ensure payroll deductions are processed correctly for year-end
- [ ] Run final bonus payrolls if included in 2025 income
- [ ] Check retroactive pay and bonus calculations
- [ ] Review PTO, vacation, and sick payouts
- [ ] Submit final 2025 withholdings, taxes, and retirement contributions
- [ ] Prepare and distribute W-2s and 1099s to employees and contractors
- [ ] Audit pay equity and market competitiveness
- [ ] Verify compliance with federal, state, and local wage and hour laws effective January 1
- [ ] Update payroll system for upcoming year (new hires, terminations, raises)

Benefits Administration

- [ ] Verify retirement plans (401k, SIMPLE IRA, SEP IRA) compliance
- [ ] Review and update paid family leave contribution changes for applicable states
- [ ] Prepare ACA reporting for submission in new year, if applicable
- [ ] Remind employees of "use-it-or-lose-it" PTO or vacation policies and update accrual balances
- [ ] Remind employees of "use-it-or-lose-it" FSA rules and process claims
- [ ] Distribute required benefits notices (retirement plan disclosures, ACA, COBRA, etc.)
- [ ] Review voluntary benefits (life, disability, wellness, commuter programs)
- [ ] Confirm benefits provider data is accurate and current

Employee Records & Management

- [ ] Review and update employee personal information (addresses, emergency contacts)
- [ ] Verify completion of W-4, I-9, and other required forms
- [ ] Audit employee classification: exempt vs. nonexempt, contractor vs. employee
  - Compare to upcoming required wage/hour and salary threshold changes
- [ ] Review termination and rehire records
- [ ] Document promotions, disciplinary actions, and milestones
- [ ] Ensure onboarding documentation is complete for new hires
  - Ensure all new-hire paperwork includes any newly required forms for the new year
- [ ] Maintain up-to-date emergency contact lists

Performance Management & Development

- [ ] Complete all outstanding performance evaluations
- [ ] Tie reviews to raises, promotions, or training plans, if applicable
- [ ] Document achievements, goals, and progress for each employee
- [ ] Identify skills gaps and training opportunities for next year
- [ ] Plan mandatory compliance training (harassment, safety, cybersecurity)
- [ ] Schedule leadership, cross-training, and upskilling programs
- [ ] Track LMS or training platform course completion
- [ ] Set goals and KPIs for the upcoming year

Policies & Handbooks

- [ ] Update employee handbook with new policies, labor laws, and regulations
- [ ] Review leave policies (PTO, sick leave, FMLA, state-specific)
- [ ] Update remote work, security, and harassment policies
- [ ] Recirculate updated handbook and collect acknowledgments
- [ ] Ensure policies align with company culture and strategy

Compliance & Legal

- [ ] Check federal, state, and local compliance deadlines
- [ ] Review OSHA logs and workplace safety incidents
- [ ] Confirm ACA, EEOC, and other reporting requirements are met
- [ ] Audit contractor and vendor agreements for compliance
- [ ] Document risk areas and mitigation strategies
- [ ] Verify proper recordkeeping for labor law compliance
- [ ] Ensure all required annual notices are provided to employees

HR Technology & Systems

- [ ] Audit HRIS, payroll, and LMS systems for accuracy with new and current requirements
- [ ] Ensure system integrations are functioning correctly
- [ ] Back up all employee data and verify cybersecurity measures
- [ ] Plan upgrades or new software implementations
- [ ] Test reporting and analytics functions for year-end metrics

Employee Engagement & Recognition

- [ ] Conduct employee surveys or pulse checks
- [ ] Recognize contributions through awards, bonuses, or public acknowledgment
- [ ] Review engagement metrics: turnover, absenteeism, morale indicators
- [ ] Plan engagement initiatives for the upcoming year (team building, wellness programs)
- [ ] Solicit feedback on workplace culture and employee satisfaction

Succession Planning & Workforce Strategy

- [ ] Identify critical roles and potential coverage gaps
- [ ] Review talent pipeline for leadership and key positions
- [ ] Develop retention strategies for high-performing employees
- [ ] Plan hiring, promotions, and workforce adjustments for the next year
- [ ] Align workforce planning with strategic business objectives

Strategic HR Planning

- [ ] Set HR goals to align with company strategy (retention, DEI, training, engagement)
- [ ] Identify HR priorities for the upcoming year
- [ ] Evaluate HR metrics from the past year (turnover, productivity, engagement, compliance)
- [ ] Document lessons learned and process improvements
- [ ] Integrate HR planning with budget and overall business planning

Additional Year-End Tasks

- [ ] Review vendor and contractor compliance agreements
- [ ] Audit internal HR processes for gaps or inefficiencies
- [ ] Update disaster recovery and remote work protocols
- [ ] Review data privacy policies and cybersecurity compliance
- [ ] Prepare HR budget and resource plan for the upcoming year
- [ ] Communicate HR initiatives, policies, and plans to leadership and staff

You've Got This!

Completing your year-end HR tasks can feel overwhelming, but every item you check off brings your business closer to a smooth, compliant, and successful start to the new year. Taking the time now to organize, review, and plan sets your team—and your business—up for growth and stability in the year ahead.

Remember, you don't have to do it all alone. Partnering with a PEO, like G&A Partners, can streamline payroll, benefits, compliance, and HR administration, giving you more time to focus on your people and your business goals.