GREATER ARVADA Chamber of Commerce

2026 COLORADO PAYROLL UPDATES CHECKLIST FOR BUSINESSES



Federal Changes Affecting Colorado Employers

SOCIAL SECURITY (FICA) TAX UPDATES

- [ ] **Update Social Security Wage Base:** Projected increase to $183,600 (up from $176,100 in 2025)
  - Maximum employee contribution: $11,383.20 (6.2% of wage base)
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  - Monitor SSA's official announcement in October 2025 for final confirmation
- [ ] **Verify Medicare Tax Calculations:** No wage base limit; 1.45% continues on all wages
- [ ] **Apply Additional Medicare Tax:** 0.9% on earnings above $200,000 (single) or $250,000 (married filing jointly)

FEDERAL INCOME TAX WITHHOLDING

- [ ] Update federal tax withholding tables when IRS releases 2026 rates
- [ ] Remind employees to review and update Form W-4 if needed
- [ ] Implement any new tax bracket adjustments

Effective January 1, 2026

This comprehensive checklist covers Colorado-specific federal and state-level payroll changes taking effect on January 1, 2026.

For updates on new financial, legal, and regulatory changes throughout the year, sign up for the Chamber's Entrepreneur Network at arvadachamber.org/networks.

Colorado State Minimum Wage (Effective January 1, 2026)

STATEWIDE MINIMUM WAGE

- [ ] Update to $15.16/hour (increase of $0.35 from $14.81 in 2025)
- [ ] Tipped Employee Minimum: $12.14/hour (with maximum tip credit of $3.02)
- [ ] Verify all employee rates meet or exceed the new minimum
- [ ] Adjust payroll systems to reflect new rates

COMPLIANCE ACTIONS FOR MINIMUM WAGE

- [ ] Identify which jurisdiction applies to each work location
- [ ] Update employee pay rates accordingly
- [ ] Review and adjust compensation for employees above minimum wage to maintain pay equity
- [ ] Post updated Colorado and local labor law posters at each location
- [ ] Document all wage adjustments in employee files

Colorado FAMLI (Family and Medical Leave Insurance)

FAMLI PREMIUM RATE CHANGE (EFFECTIVE JANUARY 1, 2026) REPORT EE COUNT TO FAMLI EACH YEAR, FOR PRIVATE PLANS REPORT YOUR ANNUAL ATTESTATION BY NOV 30TH

- [ ] **Premium Rate Reduces to 0.88%** (down from 0.9% of wages in 2025)
- [ ] Premium applies to wages up to the Social Security wage base ($176,100 in 2025)
- [ ] Verify 2026 wage cap when announced

EMPLOYER PREMIUM RESPONSIBILITIES

For Employers with 10+ Employees:

- [ ] Pay 50% of premium (0.44% of wages)
- [ ] Withhold and remit employee share (0.44% of wages)
- [ ] Submit quarterly premium payments through My FAMLI+ Employer portal

For Employers with 1-9 Employees:

- [ ] Pay 50% of premium (0.44% of wages) - employer may choose to pay full amount
- [ ] Withhold and remit employee share (0.44% of wages) if not paying full amount
- [ ] Confirm with HR whether the employer will cover the full premium

FAMLI BENEFITS ADMINISTRATION (ALREADY IN EFFECT SINCE JAN 2024)

- [ ] Ensure employee eligibility tracking system is in place (must earn $2,500 in wages over last 5 quarters)
- [ ] Maintain health insurance coverage during employee FAMLI leave
- [ ] Hold position open for employee during leave
- [ ] Train managers on FAMLI leave coordination with other leave types
- [ ] Provide FAMLI program notice to employees within 5 days of qualifying event
- [ ] Review private plan options for potential exemption if offering superior benefits

FAMLI LEAVE TYPES TO MANAGE AND DOCUMENT

- [ ] Bond with new child (12 weeks)
- [ ] Care for a family member's serious health condition (12 weeks)
- [ ] Own serious health condition (12 weeks + up to 4 additional for pregnancy/childbirth complications)
- [ ] Military deployment arrangements (12 weeks)
- [ ] Domestic violence/sexual assault safety needs (12 weeks)

FAMLI COORDINATION WITH OTHER LEAVE

- [ ] FAMLI runs concurrently with federal FMLA
- [ ] Cannot require employees to exhaust PTO before FAMLI
- [ ] Employees may voluntarily supplement FAMLI benefits with PTO (with written agreement)
- [ ] Coordinate with short-term/long-term disability benefits per policy terms



Colorado Paid Sick Leave (Healthy Families and Workplaces Act)

EXISTING REQUIREMENTS (NO CHANGES FOR 2026)[ENSURE ALL ACCRUED BALANCES CARRYOVER WITH A CAP AT 48HRS PER HFWA

- [ ] **Continue providing 1 hour of paid sick leave per 30 hours worked (up to 48 hours per year)**
- [ ] Allow use for existing qualifying reasons
- [ ] **New qualifying reasons added in 2025** (ensure systems updated):
  - Grieving or attending funeral/memorial after family member death
  - Inability to work due to inclement weather
  - Inability to work due to the evacuation order

HFWA VS. FAMLI

- [ ] Train HR on differences: HFWA provides full wage; FAMLI provides partial wage replacement
- [ ] Employees cannot receive both HFWA and FAMLI for same hours
- [ ] Allow employees to use HFWA to supplement FAMLI with mutual agreement

Colorado Unemployment Insurance (UI)

2026 UI WAGE BASE

- [ ] **Projected wage base:** $30,600 (increase from $27,200 in 2025)
- [ ] Verify final rate notices when received in December 2025
- [ ] Update payroll system to apply UI tax only to first $30,600 of each employee's wages

UI PREMIUM RATES

- [ ] Review annual Rate Notice received in December (November/December send to payroll company)
- [ ] Verify experience (computed) rate or introductory rate
- [ ] Note any solvency surcharge applied
- [ ] Update payroll system with new rates for January 1, 2026
- [ ] Consider voluntary premium payments (VPP) if eligible to potentially lower rate

UI COMPLIANCE

- [ ] Submit quarterly wage reports on time
- [ ] Respond promptly to all benefit claim notices
- [ ] Provide accurate separation information for former employees
- [ ] Maintain records of all UI correspondence
- [ ] Only protest rates within 20-day window after rate notice mailing date

COLORADO SECURE SAVING PROGRAM

- [ ] You are eligible to participate in the Colorado SecureSavings Retirement Savings Program if:
  - Your business is registered to conduct business in the state of Colorado
  - You have at least five W-2 employees who have worked for you for at least 180 days
  - You have been in business for two or more years; and
  - You don't currently offer a qualified retirement savings program to your employees

Colorado Wage Act Amendments (Effective August 6, 2025 - Ongoing Impact)

ENHANCED EMPLOYER LIABILITY (HOUSE BILL 25-1001)

- [ ] **Expanded Definition of "Employer":** Individuals with 25%+ ownership stake are now liable unless they prove day-to-day operations are fully delegated
- [ ] Review ownership structure and delegation of operations
- [ ] Ensure compliance with wage payment requirements

LATE WAGE PAYMENT PENALTIES

- [ ] **Waiver Option:** Available if employer pays all claimed wages within 14 days of receiving claim
- [ ] Waivers not available for businesses with violations in past 5 years
- [ ] Establish internal process for rapid response to wage claims

INCREASED CLAIM LIMITS (EFFECTIVE JULY 1, 2026)

- [ ] **Maximum unpaid wage claim increases to $13,000 per employee (through December 31, 2027)**
- [ ] Limits will be adjusted every two years for inflation (minimum $1,000 increase)
- [ ] Review wage payment processes to ensure timely and accurate payments
- [ ] Implement additional safeguards to prevent wage and hour violations

System and Payroll Updates

PAYROLL SOFTWARE CONFIGURATION

- [ ] Update all Colorado state minimum wage rates by location
- [ ] Update local minimum wage rates (Denver, Boulder City, Boulder County, Edgewater)
- [ ] Configure new FAMLI premium rate (0.88%)
- [ ] Update unemployment insurance wage base ($30,600)
- [ ] Update UI tax rates per rate notice
- [ ] Update State wage withholding filing frequency if needed- Keep an eye out for a notice!

In Colorado, an employer's withholding tax filing frequency is changed annually, effective January 1, based on the previous calendar year's total wage withholding liability. The Colorado Department of Revenue will automatically adjust your filing schedule if your liability exceeds the threshold for your current frequency.

FILING FREQUENCY BASED ON ANNUAL LIABILITY

- [ ] Weekly: For employers with an annual withholding liability of $50,000 or more.
- [ ] Monthly: For employers with an annual withholding liability of at least $7,000 but not more than $50,000.
- [ ] Quarterly: For employers with an annual withholding liability of less than $7,000.
- [ ] Update your Federal withholding filing frequency if needed. Based on the tax liability during the lookback period, the IRS assigns one of two deposit schedules for the upcoming year:
  - Monthly schedule: You are a monthly depositor if your tax liability during the lookback period was $50,000 or less.
  - Semiweekly schedule: You become a semiweekly depositor if your tax liability was more than $50,000.
- Configure Social Security wage base ($183,600 projected)
- Test all calculations before first 2026 payroll

MULTI-LOCATION EMPLOYERS

- [ ] Map each employee to correct minimum wage jurisdiction
- [ ] Ensure location-specific posters are displayed
- [ ] Configure payroll system for location-based wage rules
- [ ] Train managers on location-specific requirements

Employee Communications

REQUIRED NOTIFICATIONS

- [ ] Notify all employees of minimum wage increases (by location)
- [ ] Explain FAMLI premium rate reduction
- [ ] Provide information about FAMLI benefits and eligibility
- [ ] Remind employees about paid sick leave rights under HFWA
- [ ] Distribute updated employee handbook with 2026 changes
- [ ] Post updated contact information for the Colorado Department of Labor and Employment

FEDERAL CHANGES

- [ ] Communicate Social Security wage base changes to high earners
- [ ] Remind employees to review W-4 withholding elections

Labor Law Posters

STATE POSTERS

- [ ] Order 2026 Colorado labor law posters
- [ ] Post at each physical work location
- [ ] Ensure posters include minimum wage information
- [ ] Include FAMLI program information
- [ ] Include paid sick leave (HFWA) information

LOCAL POSTERS

- [ ] Order Denver-specific posters for Denver locations
- [ ] Order Boulder City posters for Boulder locations
- [ ] Order Boulder County posters for unincorporated Boulder County locations
- [ ] Order Edgewater posters for Edgewater locations

DIGITAL POSTING

- [ ] Ensure remote workers have access to required postings
- [ ] Post digital versions on company intranet or employee portal

Documentation and Record Keeping

PAYROLL RECORDS

- [ ] Document all rate changes and effective dates
- [ ] Maintain wage payment records for all employees
- [ ] Track FAMLI premium contributions by employee
- [ ] Track unemployment insurance payments
- [ ] Retain records for required periods (minimum 3 years in Colorado)

LEAVE TRACKING

- [ ] Document all FAMLI leave requests and approvals
- [ ] Track HFWA sick leave accrual and usage
- [ ] Maintain records of health insurance continuation during leave
- [ ] Document job restoration after leave

EMPLOYEE FILES

- [ ] Update compensation records with new wage rates
- [ ] Document employee acknowledgment of handbook updates
- [ ] Maintain separation records for UI claims
- [ ] Discipline action documentation

Training and Internal Preparation

HR AND PAYROLL STAFF

- [ ] Train on new minimum wage rates by jurisdiction
- [ ] Review FAMLI premium rate reduction
- [ ] Train on UI wage base increase
- [ ] Review HB 25-1001 employer liability provisions
- [ ] Conduct mock payroll processing with 2026 rates

MANAGEMENT TRAINING

- [ ] Train supervisors on proper wage payment procedures
- [ ] Educate managers on FAMLI leave coordination
- [ ] Review anti-retaliation requirements for FAMLI and HFWA
- [ ] Emphasize the importance of timely wage payment to avoid penalties

COMPLIANCE REVIEW

- [ ] Audit current wage rates for compliance
- [ ] Review classification of tipped vs. non-tipped employees
- [ ] Verify all employees meet minimum wage requirements
- [ ] Conduct an internal audit of wage payment timeliness
- [ ] Review leave administration procedures

Important Deadlines and Dates

END OF YEAR 2025

- **October 2025:** Official SSA Social Security wage base announcement
- **November 30, 2025:** Receive Colorado UI rate notices for 2026
- **December 1, 2025:** Deadline for nonprofits to elect UI reimbursement method
- **December 2025:** Complete all system updates and testing
- **December 31, 2025:** Last payroll under 2025 rules
- Final verification of 2026 system readiness

JANUARY 1, 2026

- New minimum wages are effective statewide and locally
- FAMLI premium rate reduces to 0.88%
- New UI wage base effective ($30,600)
- Social Security wage base increases
- All federal changes take effect

QUARTERLY 2026

- **January 31:** First quarter FAMLI premium payment due (This is for the 4th quarter).
- Full Payment Schedule is:
  - **January 31:** Payment for the October-December quarter.
  - **April 30**: Payment for the January-March quarter.
  - **July 31:** Payment for the April-June quarter.
  - **October 31:** Payment for the July-September quarter.
- **July 1, 2026:** Increased unpaid wage claim limits take effect ($13,000 per employee)

EMPLOYER CONTRIBUTION PAYMENT SCHEDULE

- **January 31:** For the previous quarter (October, November, December)
- **April 30:** For the previous quarter (January, February, March)
- **July 31:** For the previous quarter (April, May, June)
- **October 31:** For the previous quarter (July, August, September)
- This mirrors COIU reporting deadlines which should make it easier
- **Quarterly throughout 2026:** Submit UI wage reports and premium payments
- **April 30, July 31, October 31:** Remaining FAMLI quarterly payments due

Resources and Contacts

STATE AGENCIES

- **Colorado Department of Labor and Employment (CDLE):** cdle.colorado.gov
- **FAMLI Division:** famli.colorado.gov | 1-866-CO-FAMLI (1-866-263-2654)
- **Labor Standards and Statistics:** cdle.colorado.gov/dlss
- **Unemployment Insurance:** cdle.colorado.gov/employers
- **My FAMLI+ Employer Portal:** For FAMLI premium payments and reporting
- **Colorado Secure Savings Program:** https://coloradosecuresavings.com/ Employer Assistance Line- 1-844-711-1073

Special Considerations for Colorado Employers

FOR MULTI-STATE EMPLOYERS

- [ ] Understand Colorado-specific requirements differ from other states
- [ ] Ensure employees working in Colorado receive Colorado minimum wage even if headquartered elsewhere
- [ ] Track which employees are "localized" in Colorado for FAMLI purposes
- [ ] Apply Colorado UI tax only to Colorado-based employees
- [ ] Ensure local OPT Tax Jurisdiction is based on the employee work location

FOR SMALL BUSINESSES (1-9 EMPLOYEES)

- [ ] Understand FAMLI premium split responsibility (50/50 or optional 100% employer-paid)
- [ ] Consider opting into FAMLI if currently under 1 employee threshold
- [ ] Budget for ongoing minimum wage increases indexed to CPI

FOR BUSINESSES WITH 10-OR MORE EMPLOYEES

- [ ] Pay full FAMLI premium (both employer and employee share)
- [ ] Ensure compliance with all wage and hour requirements

FOR RESTAURANTS AND HOSPITALITY DISTRIBUTE AND AND UPDATE W4 WITH NEW

- [ ] Carefully track tipped employees
- [ ] Ensure tip credit calculations comply with local minimums
- [ ] Monitor that tips plus wages meet or exceed applicable minimum wage
- [ ] Be aware of ongoing discussions about tip credit laws in Colorado

FOR NONPROFITS

- [ ] Evaluate UI reimbursement option vs. standard UI tax (potential 30-60% savings)
- [ ] December 1 deadline to elect reimbursement method
- [ ] Consider whether to offer FAMLI through private plan

Disclaimer: *This checklist is based on information available as of October 2025. Regulations and rates are subject to change. Always verify final rates and requirements with official Colorado government sources and the IRS/SSA before implementation. Consider consulting with a Colorado employment attorney or payroll professional for complex situations.*

Questions? *Contact the Colorado Department of Labor and Employment at cdle.colorado.gov or call the FAMLI hotline at 1-866-263-2654.*

The Greater Arvada Chamber thanks Payroll Vault - North Metro Denver *for their contributions to this guide. Learn more about their services at www.payrollvault.com/arvada-denver-north-metro-colorado.html.*