

# The HR Glossary for US Employers

100 terms, grouped by topic, with 2026 limits.

## 2026 limits at a glance

|                                    |                       |
|------------------------------------|-----------------------|
| Social Security wage base          | \$184,500             |
| FICA, each side                    | 7.65% (6.2% + 1.45%)  |
| Additional Medicare, employee only | 0.9% over \$200,000   |
| FUTA effective rate                | 0.6% on first \$7,000 |
| 401(k) deferral / catch-up         | \$24,500 / \$8,000    |
| HSA self-only / family             | \$4,400 / \$8,750     |
| Health FSA / carryover             | \$3,400 / \$680       |
| Dependent care FSA                 | \$7,500               |
| ACA affordability                  | 9.96%                 |

## Payroll and tax

### Biweekly pay

Biweekly pay means employees are paid every two weeks on the same weekday, which produces 26 paychecks in most years. It is the most common pay schedule in the US and is different from semi-monthly pay, which pays twice a month on fixed dates.

### Comp time

Comp time, short for compensatory time off, is paid time off given instead of cash for overtime hours. Under the FLSA, only public sector employers may give comp time in place of overtime pay to non-exempt employees; private employers must pay overtime in cash.

### FICA

FICA, the Federal Insurance Contributions Act, is the federal payroll tax that funds Social Security and Medicare. In 2026 employees and employers each pay 6.2% for Social Security on wages up to \$184,500 and 1.45% for Medicare on all wages.

### Form W-2

Form W-2, the Wage and Tax Statement, is the annual form employers send to each employee and the Social Security Administration showing the year's wages and the taxes withheld. Employers must furnish W-2s to employees and file them with the SSA by January 31.

### Form W-4

Form W-4, the Employee's Withholding Certificate, is the IRS form a new employee completes so the employer knows how much federal income tax to withhold from each paycheck. Since 2020 it no longer uses allowances; employees report filing status, multiple jobs, dependents, and other adjustments instead.

### FUTA

FUTA, the Federal Unemployment Tax Act, is an employer-only payroll tax that funds federal oversight of state unemployment programs. The gross rate is 6.0% on the first \$7,000 of each employee's wages, but most employers pay an effective 0.6% after the state tax credit.

### Gross pay

Gross pay is the total amount an employee earns in a pay period before any taxes or deductions come out. It includes base salary or hourly wages plus overtime, bonuses, commissions, tips, and taxable fringe benefits.

### Gross-up

A gross-up is when an employer increases a payment so that, after taxes are withheld, the employee receives a specific net amount. It's common for sign-on bonuses, relocation payments, awards, and taxable fringe benefits where the employer wants to cover the tax cost.

### Net pay

Net pay is the amount an employee actually receives on payday after all taxes and deductions are subtracted from gross pay. It is often called take-home pay, and it is the figure that lands in the employee's bank account or on the paycheck.

**Off-cycle payroll**

An off-cycle payroll is any payroll run outside the regular pay schedule, such as a final paycheck, a bonus, a commission payment, or a correction. It follows the same tax and reporting rules as regular payroll, but bonuses paid this way are often taxed with the 22% federal supplemental rate.

**Pay period**

A pay period is the recurring span of days for which an employee's wages are calculated and paid, such as one week or two weeks. The four common US pay periods are weekly (52 a year), biweekly (26), semi-monthly (24), and monthly (12).

**Pay stub**

A pay stub is the statement an employer gives an employee each payday showing gross pay, every tax and deduction, and the resulting net pay for that period and year to date. It can be paper or electronic and is also called a pay slip, earnings statement, or wage statement.

**Payroll tax**

Payroll tax is any tax calculated on wages paid to employees. It includes taxes the employer withholds from pay, such as federal income tax and the employee share of FICA, and taxes the employer pays on its own, such as its FICA match, FUTA, and state unemployment tax.

**Pre-tax deduction**

A pre-tax deduction is money taken from an employee's gross pay before taxes are calculated, which lowers the wages subject to tax. Health insurance premiums through a Section 125 plan, traditional 401(k) deferrals, HSA contributions, and FSA contributions are the most common examples.

**Regular rate of pay**

The regular rate of pay is the hourly rate the FLSA uses to calculate overtime, found by dividing an employee's total pay for a workweek, minus specific exclusions, by total hours worked. It often differs from the base hourly rate because it includes shift premiums, nondiscretionary bonuses, and commissions.

**Semi-monthly pay**

Semi-monthly pay means employees are paid twice a month on two fixed dates, such as the 15th and the last day of the month, for 24 paychecks a year. Each check is slightly larger than a biweekly check for the same salary, and paydays fall on different weekdays each month.

**Shift differential**

Shift differential is extra pay for working less desirable hours, such as nights, weekends, holidays, or rotating shifts. It is usually a flat dollar amount per hour or a percentage of the base rate, and it isn't required by federal law, but once paid it must be included in the regular rate for overtime.

**Supplemental wages**

Supplemental wages are payments to employees beyond their regular wages, such as bonuses, commissions, severance, back pay, and some overtime. The IRS allows employers to withhold federal income tax on them at a flat 22%, or 37% on supplemental wages above \$1 million in a calendar year.

**SUTA**

SUTA is state unemployment tax, the payroll tax each state charges employers to fund unemployment benefits for workers who lose their jobs. Each state sets its own wage base and assigns every employer a rate based partly on how many former employees have claimed benefits.

**Wage garnishment**

Wage garnishment is a legal order requiring an employer to withhold part of an employee's pay and send it to a creditor or government agency. Federal law caps most garnishments at 25% of disposable earnings, with higher limits for child support, and protects employees from being fired over a single garnishment.

## **Benefits and leave**

**401(k) match**

A 401(k) match is the money an employer contributes to an employee's 401(k) account based on how much the employee defers from their own pay. A common formula is 50 cents per dollar on the first 6% of pay, and the match may be subject to a vesting schedule.

**Applicable large employer**

An applicable large employer, or ALE, is an employer that had an average of 50 or more full-time employees, including full-time equivalents, during the prior calendar year. ALEs are subject to the ACA employer shared responsibility rules and must report health coverage offers to the IRS on Forms 1094-C and 1095-C.

**COBRA**

COBRA, the Consolidated Omnibus Budget Reconciliation Act, lets employees and their families keep their employer's group health coverage for a limited time after losing it because of job loss, reduced hours, or certain life events. The person usually pays the full premium plus up to a 2% administrative fee.

**Dependent care FSA**

A dependent care FSA is a pre-tax account employees can use to pay for care of a child under 13 or a dependent who can't care for themselves, so the employee can work. The household limit is \$7,500 for 2026, or \$3,750 for married people filing separately.

**Employee assistance program**

An employee assistance program, or EAP, is an employer-paid benefit that gives employees and often their household members free, confidential short-term counseling and referrals for personal, family, work, financial, and legal concerns. Most EAPs are run by outside providers and are available by phone, video, or app.

**FSA**

An FSA, or flexible spending account, is an employer-sponsored account that lets employees set aside pre-tax pay for eligible health care expenses. The 2026 health FSA limit is \$3,400, and unused money is generally forfeited at year end unless the plan offers a carryover of up to \$680 or a grace period.

**HDHP**

An HDHP, or high-deductible health plan, is a health insurance plan with a higher deductible and usually lower premiums than a traditional plan. To qualify for HSA contributions in 2026, the plan must have a deductible of at least \$1,700 for self-only or \$3,400 for family coverage.

**HRA**

An HRA, or health reimbursement arrangement, is an employer-funded plan that reimburses employees tax-free for qualified medical expenses and, in some types, health insurance premiums. Only the employer contributes, and the employer sets how much is available and what it covers.

**HSA**

An HSA, or health savings account, is a tax-advantaged account employees can use to pay medical expenses if they're enrolled in a qualifying high-deductible health plan. Contributions are tax-free, growth is tax-free, and withdrawals for qualified medical costs are tax-free; the 2026 limits are \$4,400 for self-only and \$8,750 for family coverage.

**ICHRA**

An ICHRA, or individual coverage health reimbursement arrangement, lets employers of any size reimburse employees tax-free for individual health insurance premiums and medical expenses instead of offering a traditional group plan. Employers set allowances by employee class, and employees must enroll in individual coverage to participate.

**Long-term disability**

Long-term disability insurance replaces part of an employee's income when an illness or injury keeps them from working for an extended period, after a waiting period that often matches the end of short-term disability. Benefits can last for years, sometimes until retirement age.

**Open enrollment**

Open enrollment is the yearly window when employees can sign up for, change, or drop their employer-sponsored benefits, such as health, dental, vision, FSA, and life insurance. Outside this period, most elections can only change after a qualifying life event.

**Qualifying life event**

A qualifying life event is a change in an employee's circumstances, such as marriage, divorce, birth, adoption, or loss of other health coverage, that allows them to change their benefit elections outside open enrollment. The change has to be consistent with the event and is usually requested within 30 days.

**Severance pay**

Severance pay is money an employer gives an employee at the end of employment, usually after a layoff or termination without cause, often in exchange for signing a release of legal claims. Federal law doesn't require severance pay, but employers may owe it under a contract, a written policy, or a plan.

**Short-term disability**

Short-term disability is insurance that replaces part of an employee's income when an illness, injury, or pregnancy keeps them from working for a limited time, often up to three to six months. Benefits usually start after a short waiting period and pay a set percentage of regular earnings.

**Summary plan description**

A summary plan description, or SPD, is the plain-language document ERISA requires employers to give participants explaining how a benefit plan works, including eligibility, benefits, claims procedures, and participant rights. It applies to health, retirement, disability, and most other ERISA plans.

**Total rewards**

Total rewards is the full package of value an employer gives employees in return for their work, including pay, benefits, well-being programs, development, and recognition. A total rewards strategy looks at all of these together instead of managing salary and benefits separately.

**Vesting**

Vesting is the process by which an employee earns full ownership of employer-provided benefits, such as 401(k) matching contributions or stock awards, over time. Money an employee contributes from their own pay is always 100% vested; employer contributions may vest gradually.

**Workers' compensation**

Workers' compensation is state-mandated insurance that pays medical costs and part of lost wages for employees injured or made ill by their work, regardless of who was at fault. In exchange, employees generally can't sue their employer for those injuries.

## **Employment law and compliance**

**ADA**

The ADA, or Americans with Disabilities Act, is a 1990 federal law that bans discrimination against qualified people with disabilities and requires employers with 15 or more employees to provide reasonable accommodations unless doing so would cause undue hardship. Title I covers employment.

**Adverse action notice**

An adverse action notice is the letter the Fair Credit Reporting Act requires an employer to send when it decides not to hire, promote, or retain someone based in whole or in part on a background check report from a consumer reporting agency. It must follow a pre-adverse action notice that gives the person a chance to respond.

**At-will employment**

At-will employment means either the employer or the employee can end the employment relationship at any time, for any lawful reason or no reason, with or without notice. It's the default rule in every US state except Montana, but it doesn't allow terminations that are discriminatory, retaliatory, or against public policy.

**Background check**

An employment background check is a review of a candidate's records, such as criminal history, employment and education verification, driving record, or credit, used to make hiring decisions. When a third-party screening company runs it, the Fair Credit Reporting Act requires disclosure, written consent, and specific notices.

**Code of conduct**

A code of conduct is a written set of rules and principles that explains how employees are expected to behave at work, including ethics, conflicts of interest, harassment, data protection, and how to report concerns. It usually sits in or alongside the employee handbook and applies to everyone, including leaders.

**Constructive dismissal**

Constructive dismissal, also called constructive discharge, happens when an employer makes working conditions so intolerable that a reasonable person would feel forced to resign. The law treats the resignation as a termination, so the employee can bring the same claims they could if they had been fired.

**Disparate impact**

Disparate impact, also called adverse impact, is discrimination that results from a neutral-looking policy or practice that disproportionately screens out a protected group and isn't job-related and consistent with business necessity. Intent doesn't matter; the effect does.

**EEO-1 report**

The EEO-1 report is an annual workforce data report that private employers with 100 or more employees file with the EEOC, showing employee counts by job category, sex, and race or ethnicity. It's officially called the EEO-1 Component 1 report.

**EEOC**

The EEOC, or US Equal Employment Opportunity Commission, is the federal agency that enforces laws against workplace discrimination and harassment based on race, color, religion, sex, national origin, age, disability, and genetic information. It investigates charges, mediates disputes, and can sue employers.

**FLSA**

The FLSA, or Fair Labor Standards Act, is the 1938 federal law that sets the minimum wage, overtime pay, recordkeeping, and child labor standards for most private and public employees. It requires overtime at 1.5 times the regular rate for non-exempt employees who work more than 40 hours in a workweek.

**Furlough**

A furlough is a temporary, mandatory unpaid leave or reduction in hours that an employer uses to cut costs while keeping employees on the payroll. Unlike a layoff, furloughed employees remain employed and are expected to return, and they often keep some benefits.

**Hostile work environment**

A hostile work environment is a form of illegal harassment where unwelcome conduct based on a protected characteristic, such as sex, race, age, or disability, is severe or pervasive enough to create a workplace a reasonable person would find intimidating, hostile, or abusive. Rude or unpleasant behavior alone doesn't meet the legal standard.

**Joint employer**

A joint employer is a business that shares legal responsibility for workers employed by another business, because both control the essential terms of their work. Joint employer status can make a company liable for wage, labor, and discrimination violations of a staffing agency, franchisee, or contractor.

**Non-compete agreement**

A non-compete agreement is a contract in which an employee agrees not to work for a competitor or start a competing business for a set time and in a set area after leaving. Enforceability depends almost entirely on state law, since the FTC's nationwide ban was vacated and abandoned in 2025.

**OSHA**

OSHA, the Occupational Safety and Health Administration, is the federal agency that sets and enforces workplace safety and health standards under the Occupational Safety and Health Act of 1970. Employers must keep workplaces free of recognized hazards, follow OSHA standards, and record and report serious injuries.

**Progressive discipline**

Progressive discipline is a step-by-step approach to correcting employee performance or conduct problems, where consequences increase if the issue continues. A common sequence is a verbal warning, a written warning, a final warning or suspension, and then termination.

**Protected class**

A protected class is a group of people legally shielded from employment discrimination because of a shared characteristic. Under federal law, protected characteristics include race, color, religion, sex (including pregnancy, sexual orientation, and gender identity), national origin, age 40 and older, disability, genetic information, citizenship status, and military service.

**Reasonable accommodation**

A reasonable accommodation is a change to a job, the work environment, or the way things are usually done that lets a qualified employee or applicant with a disability, pregnancy-related limitation, or religious need do the job or have equal access. Employers must provide one unless it causes undue hardship.

**Retaliation**

Workplace retaliation is when an employer takes an adverse action against an employee because they engaged in legally protected activity, such as complaining about discrimination, requesting an accommodation, reporting a safety issue, or taking protected leave. It's illegal under nearly every federal and state employment law.

**Title VII**

Title VII of the Civil Rights Act of 1964 is the federal law that prohibits employment discrimination based on race, color, religion, sex, and national origin. It applies to employers with 15 or more employees and covers hiring, firing, pay, promotion, harassment, and retaliation.

**WARN Act**

The WARN Act, or Worker Adjustment and Retraining Notification Act, requires employers with 100 or more employees to give 60 days' written notice before a plant closing or mass layoff. Several states have their own versions with lower thresholds or longer notice periods.

**Workplace investigation**

A workplace investigation is a structured, impartial fact-finding process an employer uses to look into complaints or suspected misconduct, such as harassment, discrimination, theft, or policy violations. It ends with written findings and, where needed, corrective action.

## **HR technology and service models**

**ATS**

An ATS, or applicant tracking system, is software that manages the hiring process, from posting jobs and collecting applications to screening candidates, scheduling interviews, and sending offers. It keeps every candidate's history in one place and gives recruiters and hiring managers a shared view of the pipeline.

**Employee self-service**

Employee self-service, or ESS, is the part of an HR or payroll system that lets employees view and update their own information and complete common tasks without contacting HR. Typical tasks include viewing pay stubs and W-2s, requesting time off, enrolling in benefits, and updating addresses or direct deposit.

**Employer of record**

An employer of record, or EOR, is a company that legally employs workers on behalf of another business, handling local contracts, payroll, taxes, benefits, and compliance. It lets a company hire full-time employees in countries or states where it has no legal entity, while the company directs their daily work.

**HCM**

HCM, or human capital management, is the set of practices and software an organization uses to recruit, manage, develop, pay, and retain its workforce. HCM software typically combines core HR, payroll, benefits, time and attendance, talent management, and analytics in one suite.

**HRIS**

An HRIS, or human resources information system, is software that stores and manages core employee data, such as personal details, job and pay history, time off, benefits elections, and documents. It's the system of record for HR and usually connects to payroll, benefits, and other tools.

**LMS**

An LMS, or learning management system, is software that delivers, tracks, and reports on employee training, such as onboarding courses, compliance training, and skill development. It assigns courses, records completions, and stores certificates so HR can prove who was trained on what and when.

**PEO**

A PEO, or professional employer organization, is a company that enters a co-employment relationship with a business to handle payroll, benefits, tax filings, workers' compensation, and HR compliance. The PEO becomes the employer of record for certain purposes, while the client business keeps control of day-to-day work.

**People analytics**

People analytics is the practice of collecting and analyzing workforce data to make better decisions about hiring, retention, performance, pay, and organization design. It ranges from basic HR reporting, like turnover rates, to predictive models that flag flight risk or forecast hiring needs.

**Workforce management**

Workforce management, or WFM, is the set of processes and software used to make sure the right people are scheduled at the right times at the right cost. It covers labor forecasting, scheduling, time and attendance, absence management, and labor compliance, especially for hourly workforces.

## **| Talent, performance, and workforce**

### **360-degree feedback**

360-degree feedback is a review process in which an employee receives structured feedback from people all around them, such as their manager, peers, direct reports, and sometimes customers, along with a self-assessment. It's most often used for development, especially for managers and leaders.

### **Attrition**

Attrition in HR is the gradual shrinking of a workforce as employees leave, through resignation, retirement, or other departures, and their positions aren't immediately refilled. It's often used to describe gradual headcount decline, while turnover usually counts all departures whether or not the role is backfilled.

### **Boomerang employee**

A boomerang employee is someone who leaves an organization and later returns to work there again. Rehiring former employees can shorten ramp-up time and reduce hiring risk, because both sides already know each other.

### **CHRO**

A CHRO, or chief human resources officer, is the senior executive responsible for an organization's people strategy, including talent, culture, compensation, leadership development, and HR operations. The CHRO usually reports to the CEO and sits on the executive team.

### **Cost-of-living adjustment**

A cost-of-living adjustment, or COLA, is an increase in pay or benefits designed to offset inflation so that purchasing power stays roughly the same. Social Security benefits rose 2.8% for 2026 under the annual COLA; private employers aren't required to give COLAs.

### **Employee experience**

Employee experience is everything a person sees, feels, and does across their time with an organization, from the first job ad to their last day, including their manager, work, tools, environment, and culture. Improving it usually raises engagement, productivity, and retention.

### **Employee lifecycle**

The employee lifecycle is the series of stages a person goes through with an employer, usually described as attraction, recruitment, onboarding, development, retention, and separation. HR uses the model to design processes, measure experience, and choose technology for each stage.

### **Employer branding**

Employer branding is how an organization is perceived as a place to work, and the deliberate work of shaping that reputation among candidates and employees. It covers the employee value proposition, career site, job ads, reviews, social media, and how people actually experience working there.

### **Exit interview**

An exit interview is a conversation or survey with a departing employee to learn why they're leaving and what the organization could improve. It's usually conducted by HR or a third party, not the employee's manager, so feedback can be candid.

### **Headcount**

Headcount is the total number of individual people employed by an organization at a point in time, counting each person once regardless of hours worked. It differs from full-time equivalents, which convert part-time hours into full-time units.

### **HR business partner**

An HR business partner, or HRBP, is an experienced HR professional assigned to a specific business unit or leadership team to align people practices with that group's goals. HRBPs advise leaders on talent, organization design, performance, and employee relations, while specialists and HR operations handle transactions.

### **Job requisition**

A job requisition is a formal request to fill a position, created by a hiring manager and approved by leaders, finance, or HR before recruiting begins. It records the role, reason for hiring, budget, location, and timing, and usually gets a requisition ID that tracks the job through the hiring process.

### **Merit increase**

A merit increase is a raise in base pay given to reward an employee's performance, usually during an annual compensation review. Its size typically depends on the employee's performance rating and where their pay sits in the salary range.

**Nine-box grid**

The nine-box grid is a talent review tool that places employees on a three-by-three matrix of current performance against future potential. Leaders use it in talent reviews to discuss development, succession, and retention priorities.

**Offer letter**

An offer letter is a written document an employer sends to a selected candidate confirming the job offer, including the job title, start date, pay, exempt or non-exempt status, benefits eligibility, and any conditions such as a background check. It's usually not a full employment contract, especially for at-will roles.

**OKR**

OKR stands for objectives and key results, a goal-setting method in which an objective describes what you want to achieve and three to five key results define how you'll measure it. OKRs are usually set quarterly and shared openly so teams can align their work.

**Pay compression**

Pay compression happens when there's little difference in pay between employees with very different experience, skills, or responsibility, often because new hires are paid near or above long-tenured staff. Pay inversion is the extreme form, when newer or junior employees earn more than experienced ones.

**Pay equity**

Pay equity means employees doing the same or substantially similar work receive equal pay, regardless of gender, race, or other protected characteristics, unless differences are explained by legitimate factors such as experience, performance, or location. It's both a legal requirement and a measure of fairness.

**Performance calibration**

Performance calibration is a meeting or process in which managers compare and discuss the performance ratings they've proposed for employees, so the same standards are applied across teams before ratings are finalized. It reduces rating inflation, leniency, and bias between managers.

**Performance improvement plan**

A performance improvement plan, or PIP, is a formal document that tells an employee which performance gaps must be fixed, what success looks like, what support they'll get, and how long they have, usually 30, 60, or 90 days. It's meant to give a fair final chance to improve and to document the process if they don't.

**Probationary period**

A probationary period, often called an introductory period, is the first few months of employment, commonly 60 to 90 days, during which an employer closely evaluates a new hire's fit and performance. In at-will states it doesn't change legal rights, but it gives structure to early feedback and decisions.

**Quality of hire**

Quality of hire is a measure of how much value new employees add to the organization, usually based on their performance, retention, time to productivity, and hiring manager satisfaction during the first year. It shows whether the hiring process is choosing people who succeed.

**Quiet quitting**

Quiet quitting describes employees who do the minimum their job requires, without going above and beyond, while staying in the role. It's less about quitting and more about psychological disengagement, often linked to burnout, unclear expectations, or weak manager relationships.

**Skills-based hiring**

Skills-based hiring is an approach that evaluates candidates on the specific skills a job requires, rather than relying on degrees, job titles, or years of experience as proxies. It uses skills-focused job descriptions, assessments, and structured interviews to decide who moves forward.

**Stay interview**

A stay interview is a one-on-one conversation between a manager and a current employee about what keeps them at the organization and what might cause them to leave. Unlike an exit interview, it happens while there's still time to act.

**Structured interview**

A structured interview is a hiring interview in which every candidate for a role is asked the same job-related questions, in the same order, and rated against the same predefined scoring guide. It makes hiring decisions more consistent, fairer, and more predictive of job performance than unstructured conversation.

**Succession planning**

Succession planning is the process of identifying critical roles, assessing who could step into them, and developing those people so the organization is ready when a leader or key employee leaves. It covers executive roles and hard-to-fill positions throughout the company.

**Talent acquisition**

Talent acquisition is the ongoing strategy and process an organization uses to find, attract, assess, and hire the people it needs, now and in the future. It's broader than recruiting, which fills specific open roles, because it includes workforce planning, employer branding, sourcing pipelines, and candidate experience.

**Time-to-fill**

Time-to-fill is the number of days between when a job requisition is approved or posted and when a candidate accepts the offer. It measures how long a role stays open and helps HR plan hiring and spot slow points in the process.

**Variable pay**

Variable pay is compensation that changes based on performance or results rather than being fixed, such as bonuses, commissions, profit sharing, and spot awards. It rewards outcomes and lets employers flex labor costs with business results.

**Full entries with examples and sources: [hrtally.com/hr-glossary](https://hrtally.com/hr-glossary)**

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