

I have been directed to institute a policy that would require employees to have direct deposit of their payroll checks, in other words no more live checks. I was wondering how other companies handle their payroll. Do you offer direct deposit as an option or is it mandatory? If it is mandatory, how do you address the issue of employees who do not have or use a bank/credit union?

I appreciate any input members would be willing to share.

Summary: please check your state laws first. Illinois state law says that an employer shall not require employees to enroll in direct deposit or use payroll cards. Indiana and Wisconsin may (with conditions). Please see the first response below, with information provided by our HR partner, MRA.

51 responses. Of our Wisconsin- and Indiana-based members who have direct deposit, it was almost evenly split between mandatory vs. optional (mandatory had just 2 more votes). Two members report different systems for handling office vs. production workers and full-time vs. part-time/summer help. One member reports not using direct deposit.

FROM GLGA's HR PARTNER, MRA:

Download links for state law resources:

- [State Chart – Direct Deposit](#)
- [Indiana Direct Deposit](#)
- [Wisconsin Direct Deposit](#)
- [Labor Laws – Illinois Employment Laws Quick Reference Guide](#)
- [Labor Laws – Wisconsin Employment Laws Quick Reference Guide](#)

Additional information for the State of Illinois:

The article in [this link](#) directly addresses the “employees’ right to choose the payment method that works for them, whether that method is check, direct deposit, or payroll card” through amendments to the Illinois Wage Payment and Collection Act. Although the article says it was expected to be signed, it was [signed and is now in effect](#) as of January 1, 2015.

Illinois administrative code that details payment methods:

<http://www.ilga.gov/commission/jcar/admincode/056/056003000C06000R.html>

In the state of Illinois you cannot mandate direct deposit. Even without mandating it, almost all of our employees participate in direct deposit as they also see a benefit to it too.

I'm not sure you can actually require direct deposit at this point (although it only makes sense, and regulations may have changed to allow it by now). We more or less didn't give people an option when we moved to DD several years ago. There was some negative grumbling, but no one took the time to look up the regulation showing that we couldn't force them to accept it, so we got by with it. People without regular checking/savings accounts can get a 'free' direct deposit card from Walmart, among other places. They can be used anywhere pretty much just like a debit card from what I understand. We have a few employees using this option.

Direct Deposit is optional for our employees. Our Direct Deposit company offers a Debit/Credit card for employees without bank accounts. We don't have any employees who use it but it is an option.

Years ago it was voluntary but after lost checks or outstanding checks, we decided to make it mandatory. It's working very well. We did get a complaint or two from those that did not have a bank but we had a couple local banks come in at lunch to promote their bank and sign up employees for direct deposit.

We also encourage employees to have multiple accounts to encourage them to save or put money to one account that is strictly for rent/mortgage this way they don't have to scramble.

Direct deposit is somewhat mandatory. Those who do not have a bank account are issued an ADP debit card from PNC Bank and their payroll is deposited in the card.

We are completely direct deposit, and I'm not sure giving an employee should or could be an option?

That could get pretty crazy to administrate!

Since our company is in Illinois we cannot require direct deposit. However, instead of an actual live check we can offer a debit card that is funded each week. There is not a cost difference for our company between direct deposit or a live check, therefore we allow our employees a choice.

Attached is the Notice we distributed to our employees (on our company letterhead) and also attached is the document we had them complete giving us the banking information (also printed on letterhead).

I hope this is helpful to the person looking for input.

(Editor's note: please see the last two pages in this compilation.)

No can do. It's not legal.

I would advise to check with your lawyer as I do not know if it is lawful to require direct deposit.

We offer it and tell them that they will get paid faster if they use direct deposit. All of our employees use it but I don't believe you can mandate it. At least in Illinois. I was told by my payroll company that you have to offer a check if the employee wants it.

You have to check what your State's requirements are for paperless payroll systems and align your practice to that. While you can't require someone to go that route, you can certainly set the expectation that this is the practice. Those without a checking or savings account typically would be eligible for a paycard. There should be available resources for these through your payroll company.

We implemented paperless payroll via direct deposit a few years ago. Please ensure you know your state's local pay laws. At the very least, you will most likely have to offer an alternative such as pay cards. Below is right out of the announcement we posted for our employees.

Paperless Payroll

Paperless Pay is a Win-Win for You, the Company and the Environment. By selecting a paperless pay option, you will have access to your funds immediately. No more driving to a bank, no more fees for check cashing services, no more weather-related mail delivery delays, never worry about lost or stolen checks, or coordinating paycheck pick up when you are away from work. The benefits of paperless pay are enormous, including significant cost reduction in the production, shipping and delivery of pay statements or negotiable checks to employees. It means employee service levels are also boosted by secure access to personal pay information. In addition, paperless pay protects our natural resources through reduced paper consumption.

Total Pay Visa® Pay Distribution Service. We have a program that is now available to all employees – regardless of credit history or work location. Total Pay Visa® Pay Distribution Service gives you access to your pay two ways: (1) Money Network TM Checks; and (2) The TotalPay® Visa® Paycard. Instead of the hassles of receiving a negotiable check at work, you will have free and immediate access to your funds (payroll funds are deposited and available on the morning of payday), free access to account information (i.e., online, text messages and email), ability to make purchases in stores, online or over the phone, pay bills with checks or online with the Card, plus free In-Network ATM withdrawals.

Regardless of the pay method you choose (i.e., direct deposit, Total Pay Visa® Pay Distribution Service), you will no longer automatically receive printed pay statements at work. If you would like to view or print your pay statement, simply log into the HR website. We recognize there may be employees who do not have a computer at home. All employees will continue to have computer access within the facility and will be able to access pay advices safely and securely.

We do mandatory direct deposit.

There are other options available if an employee chooses not to use a bank or CU. A person can purchase a card at WalMart that can be used for direct deposit of payroll. The Dollar Tree offers a “Green Dot” card which is another source for direct deposit of payroll which cost a whopping \$1.00.

They do have to have internet access in order to print off the routing number and account number required by the employer for direct depositing of payroll.

We do require employees to use direct deposit. It is much easier for everyone, employee and employer. We have had a couple employees who did not have a banking relationship so we ask them to please open a checking or savings with an institution of their choice. Our employees view or print their pay voucher from a secure online portal with our PR service. Have not had much in the way of complaints. Once people are used to it they like it.

While ours isn't mandatory, it is definitely strongly recommended. I only have one employee who refused to do direct deposit. The other 34 have all signed up (we had about 50% signed up previously). I put a notice in their paychecks that we were going to do all direct deposit, and even those who previously said they couldn't get a bank or credit union account managed to find a way to do so. One employee couldn't get a bank account, but was able to get one through a credit union. Another was able to have the direct deposit hit a prepaid card of some sort though I am not sure exactly how that works. The one employee who still receives a live check just refused and it wasn't worth pushing further.

We do payroll in house, and recently started emailing paystubs (no social security number on the stub). About half of my employees love the emailed paystub, while the rest still want the paper in their hand. Some don't have a computer or don't have a printer, so they want the paper. However, if the supervisor doesn't hand out their paystubs fast enough, I remind them that they could have received it a day or two beforehand if they signed up for emailed paystubs.

Just attach a note to their paystub each payroll stating that you are going to all direct deposit. If you have an affiliation with a bank or credit union, you could offer their information as well (contact the bank or credit union ahead of time). Once they have signed up they do tend to like direct deposit more than they thought they would. It is just a change that they have to get past.

If you make it mandatory, be sure to add the change to your handbook for future publications.

We strongly encourage all our employees to directly deposit their pay and are considering requiring it for all new hires, but currently we still do give the option of a live check. When new hires notify me that they do not have a bank account, I remind them that accounts can typically be set up for as little as \$5 at many area banks and retailers such as Wal-Mart sell banking cards that allow direct deposit.

It is tough to make this mandatory as there are employees who are not comfortable with the banking system. That said we offer direct deposit and all but one of our employees uses it. The payroll company sends a check to his home. To date he is the only one who ever has issues with a check not arriving on time.

The only other issue we have is our HR person is asked several times a year for log in information by one of the employees who has forgotten how to access their information.

Direct deposit is mandatory. If our new hires don't have an account and aren't willing to open one, we refer them to Walmart to get a debit/credit card that we can deposit funds to. Other stores may offer this, but locally Walmart is our only option in the area. The card works for them just like a bank card and doesn't just require use at Walmart.

We instituted this same policy a few years back. We gave a window of six months to prepare for the change. Any employee who did not have an account or did not want to start an account had their money put on a debit card after the six months. The card was provided to the individual by our payroll provider. There was only one employee who took the card and that employee moved off the card within one year.

Part of our orientation now includes giving the new hire the direct deposit form and explaining that we are completely paperless. The new hire would still have the ability to take the card instead, but that has not happened to us yet.

We changed from ADP to Huntington a couple of years ago. They don't offer checks unless we write them manually, so we require employees to use direct deposit. A few employees didn't have checking accounts, so Huntington worked with them on low-fee accounts. Now it's totally electronic. They get emails notifying them that they've been paid and can access their payroll on-line for tax info, etc.

They like it and it's certainly easier for us.

I love direct deposit but I will not make it mandatory. Over the years we have reduced so many benefits and I consider the option to receive a negotiable check as a sort of an inexpensive benefit. No plans to change.

Direct Deposit is an option.

Ours is optional, but we have full participation.

We have direct deposit and checks.

We have thought about it, but not made it mandatory yet.

We offer it but do not require it. We have a 90% participation rate.

We did implement a policy making it mandatory that all employees have direct deposit of payroll checks. Our local bank offered at no cost...the opening of a savings account to any employee. The bank deposited \$10 into the account, which then remained in the account to keep it active between paychecks.

It worked out great for employees who did not have an existing checking or savings account and some employees just took advantage of the offer because they received \$10 free and there are no fees attached to the savings account.

Not yet, but would like to go that route and then use debit cards for those without bank accounts.

Wow – good luck! We did do it many years ago, and we were surprised by the feedback we received. (Some) people were angry about it. “We earned the paycheck and you don’t have a right to not give us a check”, and “I don’t want it deposited as my wife would know how much I make”, and more than a handful who don’t have checking accounts. (Hard to believe.) Now, everyone loves it and it would be impossible to go back. We had a “bank fair” where the bankers were there to help people open accounts, etc. From an administrative standpoint, it’s been great! No more lost checks, no more signing checks (yeah, I signed 300 every 2 weeks.) Make it mandatory.

We don’t have direct deposit. We still have actual checks for payroll.

We offer the option of direct deposit or live check.

We are 100% payroll deduction. We have been for over 10 years. I only had one existing employee that had a difficult time switching. All new hires have never had a problem with this.

Interested we are thinking of doing this very same thing.

We mandate direct deposit. Out of 64 employees we cut 2 live payroll checks for the two who do not have or use a bank. They are grandfathered in at this point and I enforce it with any new hires. I think you will find those who do not have or use a bank will be very minimal. It is not even a question or concern with new hires, I just hand them a form that allows them to enter up to 3 different accounts that they can have direct deposited into.

We mandated direct deposit for payroll checks about two years ago. Overall, a very positive experience for management and employees.

We did have two employees who did not have a bank account and they were able to get a debit card and have their pay electronically transferred to the card.

We have direct deposit of our payroll checks. We have a relationship with a local bank and the bank offers a \$100 bonus for our employees that open a new checking account with them and use direct deposit. We share this information when we send out our new hire packet. Even our newspaper carriers have direct deposit accounts. Last May we instituted an electronic portal tied to our payroll systems so employees can view and print their paycheck stubs from any computer with internet access. We have two computers in our breakroom for employees that don't have computers at home.

We offer it as an option but we do not make it mandatory.

Direct Deposit is mandatory and has been for over 11 years. I was not here at the time, but my understanding is that there was a representative from our primary bank that came and presented the benefits of direct deposit and would help anyone set up an account if they were interested. Employees were not required to use this bank. They could use any bank of their choosing.

We have not made it mandatory. However, we intend to go mandatory in the future. Already 85% are using direct deposit.

Any individuals who do not have an account are expected to open an account. We offer the ability to go through our bank where we do corporate banking (but not required). Usually credit unions have less fees so that is always worth suggesting also.

As standard policy our payroll checks are direct deposited through a payroll contractor and funds are immediately available that day. For those who require a paper based check we offer this option via mail from the processor. These checks are mailed on pay day, so there's a 2-4 day delay before received at addressee. Thus we have less than 1% of employees choose the postal mail option

Cannot be mandatory in NY State which has a complicated set of rules. Some states have laws requiring payment availability and means of conveyance that to be followed, and methods may have to be approved by or at least stated to the State Labor dept. I do not believe payment method may be mandatory and or chosen by staff without State approval, oversight.

My company is too small for this but I (can speak to what my village does). The Village Direct deposits not only employees but also the elected officials. As for an employee who does not have a bank account, I would ask how they even cash their payroll check (at the Grocery Store?) It would do them good to open an account at a bank or credit union. It is mandatory at the Village which has about 39 employees.

Our Direct Deposit is optional. We have considered making it mandatory, but haven't gone there yet. I'll be interested to see the responses.

We require all employees to have direct deposit of their payroll. I have a couple right now refusing to do direct deposit. I am working on addressing this by offering a debit card supplied by our payroll processing company. Another option that several employees use are cash cards that you can purchase at any department store. The local bank that we use for our payroll will allow our employees to open a bank account without having to have a minimum amount to open the account. Most of our employees appreciate the direct deposit, as it saves them from having to find time to go to the bank to cash their checks.

We have a two tier approach: office employees are required to have direct deposit and it is optional for plant employees. We encourage everyone to enroll but have only a small percent in the plant who enroll.

I am anxious to hear everyone else's answers!

Mandatory. Has been for 15-20 years. In the last 10 years, it hasn't come up once of an employee not having a bank account. If you're hiring someone who can't open a savings account, can you trust them with your customers' jobs?

Direct deposit is mandatory here.

We require direct deposit for all full time employees. Part time or summer help will receive a real check, but are encouraged to get a checking or savings account. We will help employees who need it open an account.

November 23, 2005

Notice –

Effective January 1, 2006 [Name of Company] will require that all employees participate in the Direct Deposit Program for their payroll check. With this change we will now offer the option of depositing into two deposit accounts (at the same institution or different ones).

Direct Deposit will allow you to:

- Automatically deposit your paycheck into your bank account at your financial institution on the set pay date.
- Eliminate long waits in teller lines. Most financial institutions offer ATM/Debit Card programs.
- Deposit your pay regularly even when you are on vacation or away from work because of illness or business.
- Eliminate the possibility of a lost, stolen or destroyed check.

You will still receive a check on the January 6, 2006 payroll, direct deposits will be sent through as a “Prenote” (a way to check that the accounts are set up properly). January 20, 2006 payroll will be all direct deposit and you will receive a Direct Deposit Advice instead of a check.

If you decide to have your paycheck divided between two accounts - one deposit has to be for a designated amount and the other one will have the deposit for the remainder of your pay. We will not separate on a percentage basis. (You may also check with your financial institution to see if they have a program to automatically transfer monies for you, especially if you'd like to have your money split between more than two accounts.)

Please have the enclosed form filled out and returned to Payroll by December 12, 2005. Please remember that we need a Voided check for checking deposits.

Thank you.

AUTHORIZATION AGREEMENT FOR AUTOMATIC DEPOSITS

COMPANY NAME: _____

I hereby authorize *Company Name*, hereinafter called company, to initiate credit entries to my checking or savings account indicated below and the financial institution named below, hereinafter called depository, to credit the same to such account.

DEPOSITORY NAME (Bank) _____

BANK ROUTING NO. _____

BANK ACCOUNT NO. _____

CHECKING _____ (Include a voided check) SAVINGS _____ Amount \$ _____ or Remainder

DEPOSITORY NAME _____

BANK ROUTING NO. _____

BANK ACCOUNT NO. _____

CHECKING _____ (Include a voided check) SAVINGS _____ Amount \$ _____ or Remainder

The authorization is to remain in full force and effect until the company has received written notification from me of its termination in such time and manner as to afford the company reasonable opportunity to act on it.

EMPLOYEE NAME _____ DATE _____

EMPLOYEE SIGNATURE _____ EFFECTIVE DATE _____