

## ***LAWRENCE COUNTY SCHOOL SYSTEM-DIRECT DEPOSIT POLICY***

Effective 7/1/07

### **PURPOSE**

The purpose of the direct deposit policy is to provide Lawrence County School System employees information regarding the direct deposit of payroll checks.

### **OVERVIEW**

All Lawrence County School System employees (full-time, part-time, board members, etc.) will have payroll wage payments disbursed through direct deposit to the financial institution of their choice. This benefit provides the employee with funds available in their bank account on the morning of payday. Employees will receive a payroll earnings statement on payday that details the pay information.

The direct deposit form must be completed at the time of hire. It is the employee's responsibility to notify the payroll department if the individual's bank account changes. This change must be completed via the direct deposit authorization.

### **DIRECT DEPOSIT BENEFITS-EMPLOYEE**

- Safe-there is no possibility of lost, stolen, or damaged checks.
- Reliable-direct deposit is virtually error-proof.
- Convenient-employees do not have to waste time going to the bank. Also, if you are away on payday, your funds will get to the bank even if you cannot.
- Confidential-bank tellers, store clerks and other co-workers will not see your check.
- Free-direct deposit is a free benefit that employees value.
- Cost savings-With direct deposit, you will not forget to make your deposit and be charged overdraft fees or any other fees.

### **DIRECT DEPOSIT BENEFITS-COUNTY**

- Check stock-the county will not have to pay for and store checks.
- Check printing hardware-printers will be subject to less wear and tear and will save on ink cartridges.
- Fraud-no stolen checks or forged signatures to worry about.
- Personnel-manual check process is eliminated, allowing time to be allocated elsewhere.

### **EMPLOYEE'S RESPONSIBILITY**

Direct deposit is similar to having the county mail your paycheck to your bank. You are responsible for verifying that the direct deposit money has been deposited in your account before you attempt to withdraw funds or write checks against your account. The county cannot assure you that it will make the direct deposit at any specific time on any given payday. Banks sometimes make errors as well. Failure to verify that the direct deposit money has been deposited and that the amount is correct may cause you to have overdrafts or even bounced checks. The county is not responsible for overdrafts, bounced checks, any fees, any charges, or other problems that arise due to your failure to verify the direct deposit. If you discover a mistake with your direct deposit, contact your bank to try and resolve the problem. If your bank cannot resolve the problem, notify the payroll department.

Participation in direct deposit is mandatory (**Resolution No. 2007052213**). You will need to furnish the county with information about the bank account(s) where you wish to have

your money deposited. Employees may choose up to 5 fixed amount or percent direct deposits. Failure to provide this information will cause a delay in your being paid. It is also your responsibility to notify the payroll department in writing if your bank information changes (switching banks, a change in routing or account number, etc.). If you do not know whether a particular change could affect your direct deposit, you should contact your bank or the payroll department for further assistance. When changing accounts and/or financial institutions, employees should keep both accounts open until the new account has been credited with the direct deposit.

### **COUNTY'S RESPONSIBILITY**

The payroll department will process all direct deposit files and ensure timely delivery to the bank for payday. All payroll transmittal sheets are due at the budget office by 4 P.M. on the Monday of pay week. If the payroll sheet is not submitted by this time, your direct deposit may be late. The payroll department must receive all payroll sheets in a timely manner in order to process your check and meet the deadline for the payroll transmission to the bank (generally a 2-day lead time).

### **COMMONLY ASKED QUESTIONS**

#### **When will my money be in my bank account?**

Your payroll funds are available when your financial institution opens for business on payday. In many cases, you can even make withdrawals against your pay at ATMs early in the morning on payday—even before your financial institution opens its doors and teller windows.

#### **What additional costs will I incur by using direct deposit?**

In most cases, participating companies and financial institutions do not charge any additional fees for direct deposit; in fact, many institutions offer “free” checking account services to customers using direct deposit.

#### **How will I ever be able to keep track of my account balance?**

The county will continue to provide payroll (“check stub”) information each payday.

#### **Why does the county need a voided check?**

The county uses the MICR-encoded financial institution and account numbers, which appear on the bottom of your check, to set-up the direct deposit properly. Written numbers can be difficult to read, so sending a voided check ensures that your deposit will be processed properly.

#### **Do I have to use a certain bank?**

No. In fact, you can choose up to 5 different accounts for direct deposit.

#### **Must I have a checking account for direct deposit?**

It depends on the policies of your financial institution, but generally, you can have direct deposit payments made to a savings account.

#### **I don't want the joint owner of my checking account to know how much I make.**

#### **How will I avoid this?**

The best way to keep transactions confidential from a joint-account holder is to open another single account. All account information (account numbers, number of accounts, etc.) is kept confidential.

#### **What if I incur bank service charges due to a delay in the funds being posted to my account?**

It is your responsibility to check with your bank to ensure your funds have posted before using the funds. Any service fees are your responsibility.

#### **Will my Employees Credit Union payroll deduction continue as before?**

Unfortunately, the credit union will no longer be a regular payroll deduction. You will need to add your account information to the direct deposit authorization.