Methods Employers Use to Pay Employees
Methods to Pay Employees

- Three methods employers may use to pay employees:
  1. Paycheck
  2. Direct deposit
  3. Payroll card
Paycheck

- Most common method
- Employee is responsible for handling the paycheck
- Immediately see payroll stub and deductions
Direct Deposit

- Employers directly deposit employee’s paycheck into the authorized employee’s bank account
- Employee receives the paycheck stub detailing the paycheck deductions
- Most secure because there is no direct handling of the check
- Employee knows exactly when paycheck will be deposited and available
Payroll Card

- A payroll card electronically carries the balance of the employee’s net pay
- Funds are directly deposited by an employer into an account at a financial institution that is linked to the payroll card
  - Parties involved:
    - Employer
    - Employee
    - Financial institution
- Use the payroll card for ATM withdrawals or to make purchases
Payroll Card (cont’d.)

- There are numerous fees associated with payroll cards
  - Number of fees depends upon the financial institution
  - Examples:
    - Monthly or annual fee
    - ATM fee
    - Inactivity fee
    - Fee after a specific number of transactions have been used
    - Replacement fee if the card is lost, stolen, or destroyed
    - Load fee (when funds are placed on the card account)
    - Point of sale (POS) fee for using the card at a POS terminal or an electronic payment processor