

The only newsletter dedicated to helping payroll professionals make the most out of paycards

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ELECTRONIC PAY STUBS

BY CATHY BEYDA, ESQ.

AN ESSENTIAL COMPONENT OF PAPERLESS PAY

Wage statements, or “pay stubs,” are an important component of any wage payment program. Indeed, most states require employers to provide their employees with a statement of earnings and/or deductions each pay period. Pay stubs help employees verify that they have been paid correctly so that errors can be promptly corrected rather than repeated. They also help employees track their gross and net wages and, therefore, to manage their finances.

State laws vary as to what information must be included on a pay stub and how the statement may be delivered to employees. In recent years, there has been an increased interest in the electronic delivery of pay stubs, particularly in light of the movement toward paperless wage payment. As discussed below, electronic delivery provides a number of benefits to both employers and employees and is permitted in every state, at least on a voluntary basis.

BENEFITS OF ELECTRONIC WAGE STATEMENTS

An obvious benefit of electronic delivery is that it eliminates the cost of printing and distributing paper pay stubs. It also eases compliance with state wage payment statutes by ensuring timely delivery of the statement. Moreover, when electronic delivery is used, payroll information is available to employees around the clock either on the internet or a secure intranet and, depending on the program, using an automated telephone system.

Many programs offer additional services such as e-mail alerts, text messaging capability, online bill payment and online W-2 forms. Finally, electronic pay stubs are an attractive option for employers with “green” initiatives.



LEGAL REQUIREMENTS

Earning statement requirements are entirely a product of state law. Although the federal Fair Labor Standards Act requires employers to maintain records of hours worked and wages paid to employees, the Act does not require employers to provide their employees with pay stubs. Forty states and the District of Columbia have some type of pay stub requirement. Of these forty states, only seven have enacted statutes or adopted regulations addressing electronic delivery. In addition, the Oklahoma Attorney General recently issued an opinion letter addressing the issue. The laws in Iowa, Maine, North Carolina and Oklahoma permit employers to provide earning/deduction statements electronically without employee consent. In Delaware and Minnesota, employees must be able to opt out of the program and request a paper pay stub. Finally, in Hawaii and Oregon, employees must voluntarily agree to electronic disbursement. In all of these states, additional requirements must be satisfied before electronic methods of distribution are used.

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Some of these requirements include providing employees with access to a computer and printer during work hours, treating payroll information as confidential, and implementing security measures. Of course, the requirements in each state must be examined separately.

In the remaining states that require pay stubs, the agency responsible for enforcing the wage and hour laws has informally stated that employers may deliver earning and deduction statements electronically provided certain safeguards are taken.

Only four of these states (California, New Mexico, New York and Vermont) have stated that employees must agree to electronic delivery. While the agencies' enforcement positions do not carry the weight of law, they provide some indication as to how the agency would respond if an administrative complaint is later brought against an employer. Courts are not bound by the agencies' opinions or enforcement positions, and may or may not afford them deference.

FINDING THE RIGHT PROVIDER

While some employers handle electronic pay stub distribution in-house, many prefer to outsource the process to third party providers. When looking for a provider, employers should consider a number of issues including information security, customer service and commitment to legal compliance. When these issues are made a priority, electronic pay stubs are a winning proposition for all parties involved, and are an essential component of any paperless wage payment program.

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CUSTOMER SERVICE: BEYOND THE PLASTIC

What makes a great implementation program great?

A paycard program is only as good as its implementation. If the program is difficult to set up or employees are unaware of it or simply do not sign up then all the promises of savings and convenience become empty. On the other hand, participation in a paycard program is maximized

through an implementation that includes education, promotion, and ongoing support.

As Lisa Poncsak, Manager of Field Support for Global Cash Card puts it, "We are not just going to hand you plastic and walk away." She goes on to explain, "We are supporting you through the entire process. From setting up the systems and procedures to providing

enrollment programs and incentives." A viable paycard program will make sure each client has a full understanding of how the program operates, how to perform all necessary tasks, as well as how to introduce and implement the paycard as a fundamental part of the payroll system.

Global Cash Card has a field support team that goes the extra mile by scheduling on-site visits to establish step-by step procedures, initiate timelines, and create checklists that are modifiable to each client's

needs. Team members are there to answer questions and offer suggestions on how to maximize participation, so that both clients and cardholders are happy. When a customer partners with Global Cash Card, they are assigned a complete team that works with them during implementation and stays with them on an ongoing basis.

In order for companies to take full advantage of a paycard program, they need to have as many of their employees as possible participate. To accomplish this, education and promotion should include online training and reference guides, marketing collateral, posters, ongoing training, orientation calls, and visits. Implementation and training do not stop when the customer has launched the program; that is just the beginning.



When evaluating an implementation program you should look for a provider that:

- Supports program implementation with promotional and instructional materials, in English and Spanish, that help you notify, enroll and educate employees.
- Supplies product design specifications to help you customize your solution.
- Continues to partner with you to manage your payroll card program by maximizing enrollment, distributing cards, and providing ongoing customer support. ■

TOP 10 CONSIDERATIONS WHEN CHOOSING A PAYCARD PROGRAM

This is the first in a series of articles that will provide you the tools and information you need to accurately and efficiently evaluate any paycard program you are looking to implement.

Here are the first two considerations:



1 What is the cost to implement a paycard program?

There are a number of companies that charge set up costs but, actually, aside from initial set up costs, a paycard solution should be provided at no cost to the employer. Some paycard companies make their income primarily from transaction fees so there is no need to charge the employer for their services. The fact is that an efficient paycard program will actually save the employer money because it eliminates fraudulent checks, stop payments, check printing, distribution and associated overhead costs such as managing escheatment. If a paycard company proposes to charge you ongoing fees for their services, you're talking to the wrong company.

2 What are the fees to the employees?

Most states require that employees be able to withdraw all their pay "to the penny" each pay period without a fee. So, make sure your paycard company provides the first transaction free each pay period. However, you should look for a program that offers much more, such as no annual fees, no monthly fees, and free signature purchases, enrollment into rewards programs, use of an online account, account alerts and direct deposit. Some companies also offer paystub and W2 postings as part of their free service. Most companies will charge fees for actions such as PIN purchases, ATM withdrawals, and transfers but make sure the company you are dealing with keeps these fees at a modest level. ■

GLOBAL CASH CARD CARDHOLDERS GET THEIR TAXES DONE FOR FREE

For the upcoming tax season, every Global Cash Card cardholder can have their tax return prepared for FREE (if they use form 1040 EZ), or receive up to a 15% discount compared to their standard rate by simply clicking the Turbo Tax link on the Global Cash Card website.

This extraordinary offer is made possible through a partnership between Global Cash Card and the world's leading online tax

preparer, Turbo Tax (part of the Intuit family).

In addition to the free tax preparation, refunds can be automatically deposited to their Global Cash Card paycard in a matter of days, instead of waiting weeks or even months for a check. Joseph M. Purcell, Chief Operating Officer, stated, "We are proud to announce another in our continuing value-added services for our clients and cardholders." ■

GLOBAL CASH CARD SPONSORS LOST VIDEO CONTEST



Global Cash Card is delighted to announce the most exciting contest ever organized by a company in the paycard industry. In conjunction with "The LOST Podcast with Jay and Jack" (www.jayandjack.com), Global Cash Card is sponsoring a video contest that calls on over 16 million fans of ABC's LOST TV series to produce their own video interpretations of how the last

episode of the series will end. Aptly named, the "How Will It End?" contest will be based primarily on creativity and not on how close the submissions come to accurately predicting the actual final episode.

The Grand prize is an authentic reproduction of a "Dharma Van" as seen on the TV show. It is an actual 1970,

Type 2 VW Bus, complete with a Dharma logo on the front. The contest will culminate in a star-studded party to be held in Los Angeles. The evening will consist of guest appearances, the awarding of the finalist and grand prizes, interviews with members of the LOST cast and the live viewing of the final episode on a theater screen. This party will be held on May 23, 2010, the evening of the final episode.

"We are expecting well over 1,000 people to attend the finale party," Michael Purcell, Executive Vice President/ Chief Marketing Officer for Global Cash Card, predicted. "We expect to have many of our clients and prospects in attendance. In addition, we will have tickets available for a drawing for their employees." For more information on the contest and the LA party go to www.globalcashcard.com/lost ■

GO GREEN



Did you know... every year paper checks use over 600 million gallons of fuel and add over 3 million tons of CO2 to the environment.



A CUP OF JOE

At Global Cash Card, we strive to lead in the creation, development and implementation of the industry's most advanced financial transaction processing and information technology systems. We translate these advanced technologies into value for our customers through our professional solutions and services worldwide.

We recognize that this can only be accomplished by making the customer the center of our focus. In fact, we put the customer at the heart of everything we do. A positive customer experience is one of our core values.

We measure every point of customer contact from beginning to the end of the customer experience. We seek to align all our internal processes so they add value to the customer's experience. We measure our progress externally through recognition by outside organizations that routinely measure consumer, peer and industry satisfaction.

To this end, our core values are all centered on the human element in order to deliver a positive experience not only to our customers but also to our employees and our communities.

These values are

- People are our most important asset.
- Integrity and honesty.
- Passion for customers, partners and technology.
- Open and respectful with others and dedicated to making them better.
- Willingness to take on big challenges and see them through.
- Self-critical, questioning, and committed to personal excellence and self improvement.
- Accountable for commitments, results, and quality to customers, partners and employees. ■

JUST OUR OPINION

A paycard company is dealing with the most sensitive issue affecting your employees: their MONEY. So, as you look for a paycard company, you darn well better make sure they have a Payment Card Industry Data Security Standards Level One Certification. Anything less is pretty scary. But, that's just our opinion. ■



DISCLAIMER:

The information provided in this newsletter should not be relied upon as legal advice or as a definitive statement of the law in any jurisdiction. For such advice, the reader should consult legal counsel.

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