

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

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ESTABLISHING A STRATEGIC VISION PLAN FOR PAYCARDS



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SHARED SERVICES, TIME WARNER CABLE

Managing payroll in a recession is not a convenience, but a matter of survival. Employers are taking drastic measures to stay afloat. Many have implemented significant reduction-in-force initiatives, eliminated programs that match employees' 401(k) contributions, reduced workers' salaries, or stopped offering educational assistance and other benefits. With payroll representing one of the largest single expense items on most profit and loss statements, efficiently managing the payroll function has never been more critical. The days of simply computing a gross-to-net paycheck in an accurate and timely manner are long gone. Today's focus is on key drivers that control operational efficiency and effectiveness.

If you are responsible for results, for transforming poor performance into sustainable best in class processes, for increasing employee productivity, or for changing the perception of how you or your team are viewed by others, then I challenge you to start doing things differently because if you continue to do the same old things, you cannot expect to yield different results.

The key to transitioning from where you are today to where you want to see yourself in the future begins with the "end" in sight.

This transformation starts with establishing a vision and a strategic plan. Why is setting a vision important for a leader? According to author Tony Mayo, "the ability to visualize and articulate a possible future state for an organization has always been a vital component of successful leadership".

The old cliché "if you don't know where you're going, any road will take you there" speaks volumes to not only why vision is important, but absolutely necessary. Simply

put, vision planning is the ability to imagine the future with the ability to formulate actions to traverse toward that vision image. A leader's responsibility is to articulate the desired vision to the extent that the individuals who are affected can see themselves in a better place once your vision is realized. Your 2013 Vision should strongly consider approaches that are designed to reduce costs and increase efficiency. So, where do you start? Implementing Paycards is by far the shortest distance between reducing costs and increasing efficiency.

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Why? Simply put, the effective use of a Paycard program will significantly contribute to a leader's Strategic Vision of:

- 1. Reducing your cost per paycheck**
- 2. Reducing stop payment fees**
- 3. Reducing delivery charges of paper paychecks**
- 4. Reducing the cost of printing pay statements**
- 5. Reducing the cost of escheatment**
- 6. Reducing the use of fraudulent paychecks, and**
- 7. Reducing other ancillary expenses associated with the cost of payroll processing**

From a Business Continuity Planning perspective, it is absolutely imperative that Paycards are incorporated in any level of a payroll disaster recovery process. Employers have an obligation to ensure that employees are paid their correct pay at the agreed upon time. Uncontrollable acts jeopardize this obligation and at times, places unnecessary risk to a supply chain of vendors and individuals to physically deliver paper paychecks to employees who aren't on direct deposit.

What performance objectives are you planning to accomplish in 2013? What future state would you like your organization to look like in the next 12 months or 2 to 3 years? More importantly, what steps are you going to

take to bring your objectives from a mere thought to a realistic fruition?

Establishing a business case for the implementation of Paycards starts with a strong vision of distributing payroll at the right pay, the right price, and on time.

This article begins a series of discussions that will give you the tools to transport your 2013 Strategic Vision for Paycards from theory to practice, from concept to go-live, from answering the question of "what's in it for me", to "why didn't we start this sooner".



So, keep an eye out for your next issue of the Paycard Advisor. The feature article will focus on examining the current pay distribution environment and determining if your organization is ready for change. After all, it's not enough to just inform people about your Vision; you must also provide a strategic roadmap on how to accomplish it. ■

HURRICANE SANDY PUTS PAYCARDS TO THE TEST



BY LISA HARRIS
DIRECTOR OF ACCOUNTING OPERATIONS
TRUE BLUE, INC.

The recent destruction caused by Hurricane Sandy was widely felt by thousands of people. One of the critical issues in times of disaster such as this is getting funds to the affected areas. People's normal channels of receiving payroll are often disrupted or completely destroyed.

True Blue, a leading provider of blue collar staffing, provides a paycard option to their temporary associates. According to Lisa Harris, Director of Accounting Operations with True Blue, after the hurricane, they did a quick poll to see what benefits the paycard program from Global Cash Card provided to their people. Below are direct quotes from their temporary associates in the field:

"Since the banks were shut down and ATM's quickly ran out of cash with no firm refill date/time, TA's at several branches in affected cities were so glad to have the paycards roll out and have

pay on them. They were able to go to the grocery stores or mini marts to buy food and other supplies, as well as help out their neighbors."

"TA's (Temporary Associates) having the ability to pay their bills and not having to go outside in the flooding areas to cash a check and then get a money order to then mail off the bill. They were able to pay their bills over the phone or use a friend's computer. Especially important in NYC where the subways and buses were shut down."

"We had an employee whose home was flooded/destroyed by the hurricane. We were able to quickly grab an instant issue paycard, and send emergency money to him to assist his family during the crisis."

"We had a large surge in demand for paycards, and Global was able to get next day shipments to our branch network to meet their needs."

"We used our instant issue card to immediately fund travel money for our full time employees assisting in the clean-up efforts."

Our hearts go out to everyone that was affected by the disaster and we are proud that our paycards were able to provide some relief at this critical time. ■



EMPLOYEES WITH BANK ACCOUNTS ENJOY THE BENEFITS OF PAYCARDS



BY CATHY BEYDA
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PAUL HASTINGS, JANOFSKY & WALKER LLP

Paycards often are promoted as a means of bringing the benefits of electronic wage payment to employees without bank accounts. These benefits include reliable delivery of wages regardless of employee location and severe weather conditions, prompt and convenient access to wages, and cost savings. Contrary to the belief of many, unbanked employees are not the only employees who enjoy the benefits of paycards. Employers who implement paycard programs often are surprised by the large number of banked employees who elect to receive some or all of their wages on a paycard.

Most commonly, banked employees participate in split direct deposit using their paycards as a budgeting tool or as a vehicle for sending money to relatives. For example, an employee might ask his or her employer to load a set amount of wages onto his or her paycard each pay period. The amount loaded onto the card represents the employee's spending money for the period. The remaining wages are deposited into the employee's savings or checking account, and set aside for long-term savings or to provide a safety net in the event of

future emergencies. Such split deposit arrangements help employees limit their spending and remain on a budget; At the same time, they facilitate savings. A recent study by NACHA – The Electronic Payments Association – reveals that employees view split deposit as an important employee benefit that helps them save both time and money.

Banked employees also use split deposits as a convenient means of providing funds to relatives such as children away at college. Again, the employee simply asks his or her employer to load a specified amount onto a paycard each pay period and to directly deposit the remaining wages into his or her checking or savings account. The paycard is then given to the relative who can use the card to access cash and/or to make purchases.

For some banked employees, paycards represent a less expensive alternative to a checking account. A recent study revealed that monthly services fees on checking accounts increased during the first half of 2012 and that the minimum balance to avoid these fees increased as well, making it more difficult for consumers to avoid the charges. At the same time, the study showed that the minimum amount needed to open a checking account also has risen, as have the fees for using out of network ATMs.

In contrast, a recent study by the Payment Cards Center of the Federal Reserve Bank of Philadelphia revealed that many employees who use

paycards do so without ever incurring fees. Although fees on paycards are possible, employees can avoid most if not all fees by taking advantage of the many free ways offered under their particular program for employees to access wages in cash and check their account balances. Unavoidable fees, such as monthly maintenance fees, are rare on paycards.



Finally, employees who have difficulty managing their finances enjoy the built-in discipline that comes with prepaid cards like payroll. With few exceptions, employees can only spend funds that have been loaded onto their paycards, limiting the risk of overdrafts and avoiding unwanted debt. At the same time, employees can use their paycards everywhere that debit cards carrying the payment brand's logo cards are accepted, and can access cash at point-of-sale terminals and at ATMs. This combination of convenience and built-in discipline is particularly attractive to many employees who, although eligible for a

bank account, prefer not to rely on one.

Thus, while paycards offer an important solution to unbanked employees who could not otherwise enjoy the benefits of electronic wage payment, they are not just for unbanked employees anymore. The convenience and affordability of paycards, together with their ability to function as a budgeting tool, make paycards a perfect solution for many banked employees as well.

Cathy Beyda is an employment law attorney with Paul, Hastings, Janofsky & Walker LLP out of their Palo Alto office. She regularly counsels national employers on electronic wage payment issues, and is the chair of the American Payroll Association's Government Affairs Task Force subcommittee on paycards. Ms. Beyda can be reached at cathybeyda@paulhastings.com.

Study Shows Employees Value Split Deposit as a Benefit to Help Them Save (NACHA Press Release, February 23, 2012), available at <https://www.nacha.org/node/1067>.

Bank Fees Survey mid-2012: Checking and ATM costs jump again (Moneyrate.com, August 13, 2012), available at <http://www.money-rates.com/research-center/bank-fees/>. Id.

S. Wilshusen, R. Hunt, J. van Opstal, and R. Schneider, Consumers' Use of Prepaid Cards: A Transaction-Based Analysis (FRB of Philadelphia Payment Cards Center, August 2012)

S. Gordon, J. Romich and E. Waithaka, A Tool for Getting by or Getting Ahead? Consumers' Views on Prepaid Cards (Center for Financial Services Innovation 2009). ■





A CUP OF JOE THE DEFINITION OF LEADERSHIP

Michael Jordan once said you have to "Earn your leadership every day." At Global Cash Card, we believe in that principle 110%.

We continue to be committed to maintain a leadership position and realize that we can't lose momentum. Leadership comes from our people going beyond the mark each and every day.

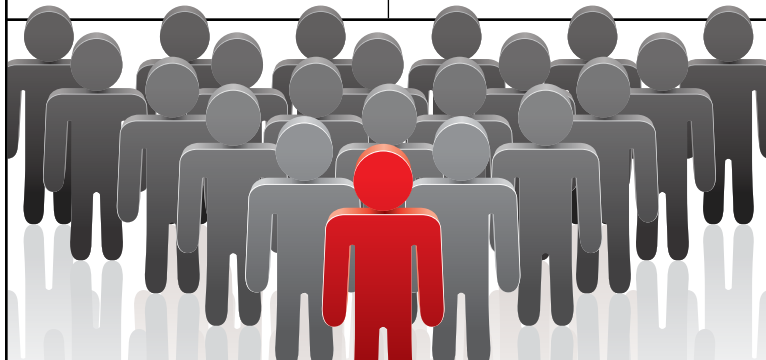
Every time a cardholder calls customer support, they deserve a live, service representative that is empowered to provide real help. Every time our professional implementation team provides paycard orientations, customers expect the best training in the industry. Every company that selects us as their paycard provider

relies on a dedicated team to make sure their program is smooth and easy. Whenever a cardholder accesses their account, either online or on their smart phone, they depend on the support of the easiest to use and most versatile system available.

This level of commitment is no small task. It takes a dedicated team that is driven to provide the best systems and service possible to make sure paycards are an easy solution for every company.

It takes leadership.

Sincerely,
Joseph F. Purcell
President and Chief
Executive Officer
Global Cash Card.
jfp@globalcashcard.com ■



GLOBAL CASH CARD SUPPORTS NATIONAL PAYROLL WEEK

Global Cash Card is pleased to join with the American Payroll Association as a sponsor of National Payroll Week. Through our partnership with the American Payroll Association, we have recognized the importance of supporting education for the payroll professionals across the country. We are proud to sponsor such a prestigious event as National Payroll week.

We are grateful to payroll professionals for their commitment to the work force, for their leadership in their communities and commitment to pay their employees in an accurate and timely manner.

National Payroll Week is an opportune time for payroll professionals to obtain education on the newest developments in payroll. Global Cash Card is a dedicated advocate of education for payroll professionals, communicating the benefits of paycards for employers and employees. There are a lot of misconceptions about paycards, but we find that once a company implements a paycard program along with a strong training program, employees are much happier using a paycard than receiving a paper check. In addition, employees quickly recognize the safety, security, and convenience of a paycard in lieu of a paper check. It's a win-win solution for everyone.

We look forward to our continued support of payroll professionals and the APA in our mission to spread critical education and awareness. ■

Showcase:

Meet Devyn Cosby Industry Sales Specialist



Devyn Cosby has been with Global Cash Card since 2008. She started with Global as an Administrative Assistant to Executive Vice-President & Chief Marketing Officer, Michael Purcell, and quickly advanced to become a senior fulfillment coordinator. After several years of managing client set-up in the fulfillment department, Devyn was promoted to industry sales specialist.

As a specialist in the hospitality industry, Devyn communicates the benefits of paycards to new and prospective clients. She ensures that the clients have a smooth transition into the Global Cash Card program, and continues to support clients even after they are fully implemented. She attended the University of California, Irvine, and graduated with a degree in Social Ecology.

To contact Devyn, email: dcosby@globalcashcard.com

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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