



New Rules Regarding Paying Employees by Debit Cards TO TAKE EFFECT MAY 4, 2017

Insights

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The Pennsylvania General Assembly passed a law (Act 161) in November that amends the Pennsylvania Banking Code to permit the use of payroll debit cards, with certain conditions. Employers who wish to consider the payroll debit card option for paying employees (or who already are doing so) should review the specifics of the law to ensure they are in compliance when this law takes effect on May 4, 2017:

- Payment of wages by payroll debit cards must be optional for the employee, and the employer cannot mandate such use to receive wages;
- The employer must comply with various notice and authorization requirements;
- The card must allow one free withdrawal of wages each pay period and one in-network ATM withdrawal at least weekly;
- The employee must have the ability to check the card's balance electronically or via telephone without cost to the employee; and
- There must be no fees associated with various actions associated with the card, including the issuance of the initial card and one replacement card per calendar year, the transfer of wages to the card itself, and for non-use of the card for a period of less than 12 months.

Act 161 supersedes any inconsistent provision in any other statute, rule, or regulation, confirming that payment of wages with a payroll debit card in compliance with the Act's requirements will comply with the Pennsylvania Wage Payment and Collection Law (WPCL). Additionally, Act 161 confirms that use of payroll debit cards in a manner inconsistent with its requirements will violate Pennsylvania law. Employers who wish to use this new technology to pay employees should keep these requirements in mind to avoid future legal trouble.