

# Payroll Periods-Deductions-Method of Payment for Payroll Related Benefits

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## 1.0 POLICY

The Town of Carolina Beach pays employees on a bi-weekly basis and authorizes Payroll to make established deductions requested by employees and other deductions that are required by law or have been approved by the Town Manager.

The Town's method of payment for employee compensation and related employee benefits is through electronic direct deposit of funds each payday into a financial institution account designated by the employee.

## 2.0 PURPOSE

The purpose of this policy is to describe the Town's payroll program and the uniform payment method for payroll and related employee benefits (direct deposit) to ensure an economical mechanism for payroll in keeping with the Town's core value of stewardship. Direct deposit also provides the most security for employee payroll funds.

## 3.0 SCOPE

This policy covers all employees. Direct deposit covers the payroll payments for all personnel age 15 and over including full time, part-time, roster and seasonal positions.

## 4.0 DEFINITIONS

- 4.1 Benefit-Eligible - Full time and part-time employees who are eligible for coverage and participation in the Town's benefit programs in addition to legally mandated coverage. See **Policy on Position Types**.
- 4.2 Other (not Benefit-Eligible) Employee - An employee assigned to a position designated roster, seasonal temporary, or special project temporary employee who is eligible for salary and mandated benefits only. See **Policy on Position Types**.
- 4.3 Required Deductions - Those deductions authorized by law and required for all employees. Required deductions are:
  - Federal and State income taxes
  - FICA (social security retirement, disability and Medicare) for general employees
  - Pension plan contributions for the North Carolina Local Governmental Retirement System (NCLGERS), or contributions for sworn Police Officers to the Law Enforcement Officers' section of the NCLGERS
  - Garnishments ordered by a Court of Law or the State or Federal government
- 4.4 Optional Deductions - Those deductions authorized by the Town Manager available to all benefit-eligible employees and which meet the criteria outlined in Section 5.4 of this policy. Currently the following voluntary deductions are authorized: Voluntary Deferred Compensation - 401(k) Plan and the 457 Plan; Flexible Benefits under the Section 125 Program - Medical and Dependent Care Spending Accounts; credit union.

- 4.5 Direct Deposit - Electronic deposit of funds on payday into a financial institution account designated by the employee.
- 4.6 Routing Transit Number - The routing transit number is the published identification number associated with each bank so that employee-designated accounts may be properly located and tracked for deposit.
- 4.7 Pre-Note - A pre-note is the routine test of bank account and routing transit number with "\$0.00" dollars deposited into the employee's financial institution account.
- 4.8 Pay Access Account - A pay access account is an account with a financial institution that is designed to only receive electronic deposits of payroll and related employee benefits and offers specific banking services to the employee to allow access to pay.

## **5.0 ORGANIZATIONAL RULES**

- 5.1 The payroll period begins on Monday at 12:01am and ends at midnight Sunday 14 days later. Pay will be available via direct deposit no later than the following Thursday, unless other conditions warrant as authorized by the Town Manager. Each employee will receive a bi-weekly statement of earnings.
- 5.2 Required Deductions – Payroll will make required deductions from an employee's gross pay to cover Federal and State income taxes, FICA (social security), pension plan contributions and any garnishments ordered by a Court or the State or Federal government.
- 5.3 The Town Manager will consider authorizing Payroll to make other payroll deductions. In considering whether or not such deductions will be allowed, the following criteria or standards, individually and collectively, will be considered:
  - A. Would the deduction benefit the employees?
  - B. Would the deduction be in the nature of a fringe benefit of which the Town could bear a portion of the cost?
  - C. Would the deduction be available to all Town employees and not just a special group of Town employees?
- 5.4 Direct Deposit - The Town's method of payment for employee compensation and related employee benefits is through electronic direct deposit of funds each payday into a financial institution account designated by the employee. Direct deposit is a condition of employment with the Town of Carolina Beach.
- 5.5 All employees who terminate from the town will have their last paycheck direct deposited.
- 5.7 Upon termination of employment Payroll will deduct from the terminated employee's final paycheck the amounts owed the Town such as leave used but not accrued, group insurance premiums, unreturned equipment or any other indebtedness to the Town. A terminated employee's final paycheck will not be issued until the extent of any indebtedness to the Town has been determined and cleared.
- 5.8 Employees will provide information to the Payroll department regarding authorized deductions and direct deposit at the time of payroll set-up. Any changes or additions to these deductions should be reported to the Human Resources Department.

## **6.0 PROCEDURES**

- 6.1 Employee Deductions
  - A. Each employee will, upon employment, fill out the appropriate Federal and State tax withholding forms.
  - B. Police Officers will, upon employment, fill out the appropriate forms for participation in the Law Enforcement Officers' section of the North Carolina Local Government Employees' Retirement System.

C. Firefighters and all other general, benefit-eligible employees will, upon employment, fill out the appropriate forms for participation in the North Carolina Local Government Employees' Retirement System.

D. When authorized by the employee, Payroll will make optional deductions which have been approved by the Town Manager from an employee's pay. Such deductions may include payments for group health, dental, and vision insurance, supplemental life insurance, other supplemental benefit plans, contributions to deferred compensation plans, flexible spending accounts, payments and deposits to the Credit Union.

▪ 6.2 Direct Deposit

A. Each employee will complete the Direct Deposit Authorization Form in accordance with industry standard direct payroll deposit rules and procedures, noting applicable bank account and routing transit number to authorize the deposit transaction. Forms will be entered into the processing system by Payroll and filed in the employees Personnel File.

B. Employees may also designate an amount to be deducted for deposit to their municipal Credit Union account.

C. Following initial set up of accounts and banking information, all payroll deposits will be via direct deposit.

D. Should an employee discontinue automatic deposit of funds into a financial institution checking and/or savings account during the term of his employment with the Town, the employee must immediately contact Payroll to make arrangement for future payroll payments.

E. Banking products that promote and accommodate electronic deposit of funds may be available from time to time and will be evaluated by the Town Manager for inclusion in the employee benefit program.

## **7.0 APPENDIX, APPENDICES**

None