



DIRECT DEPOSIT AUTHORIZATION

Included:

Overview

Dos and Don'ts Checklist

Sample Direct Deposit Authorization

1. Overview

The modern world is electronic. Many workplaces have gone paperless, and personal transactions are no longer confined to physical document exchange. In keeping with this trend, even small companies now find that establishing a system of direct deposits is essential. Paper paychecks can be easily lost or stolen, creating confusing and time-consuming accounting issues.

Direct deposit (sometimes called electronic fund transfer) is an important benefit for companies to offer to their employees. Employees can be assured of regular, immediate payments made directly to their bank accounts without delay, minimizing opportunities for bounced checks or insufficient funds. It saves them (and you) inconvenient and time-consuming trips to the bank. By some estimates, using direct deposit can save an employer up to 50% of its payroll and administrative costs.

This package contains everything you'll need to provide your employees with the opportunity to participate in a direct deposit system. If you follow the suggestions provided, you can create an authorization form that can be used repeatedly in your business, and that can increase efficiency and productivity with little added cost.

2. Dos & Don'ts Checklist

- Request a voided check from each employee who completes the authorization. This will allow you to confirm the bank's routing number and the employee's account number. The routing number is the first set of numbers on the bottom left of a check. This number is followed by the account number and the check number.
- Let your employees know that direct deposit will not happen immediately – it takes one or two pay cycles to get the system in place.
- Even after direct deposit is in place for an employee, you will still need to provide him or her with a voucher stating how much was deposited into the account.
- To ensure that money is available to your employees on time, you should plan to have your direct deposit data processed at least 48 hours before the check date. This will allow electronic files to be processed according to NACHA (National Automated Clearing House Association) regulations.
- New companies with few employees often assume they are not large enough to warrant a system of direct deposits. However, the use of this technology can streamline costs for any business. Indeed, as resources may be more tightly stretched in a small company, the administrative efficiencies afforded by direct deposit can prove essential for smaller organizations.
- Some states allow employers to mandate employee use of direct deposit. If you are interested in requiring your employees' use of direct deposit, review your state and local laws to determine whether that is permitted in your area. Note that even if you are permitted to establish such a requirement, you cannot tell your employees which banks they can use.

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Form Sample

DIRECT DEPOSIT AUTHORIZATION

NOTE: All payments to you from [COMPANY] will be deposited into the same account at your financial institution. Verify with your financial institution on your pay date that your direct deposit has gone into effect—the institution name will not appear on your earnings statement.

Background Information	
Full Legal Name:	Telephone Number: () -
Street Address:	Fax Number: () -
City, State, Zip Code:	E-mail Address:
Social Security Number:	

Financial Institution	
Bank Name:	Branch:
Routing Transit Number:	Customer Account Number:
Account Type: <input type="checkbox"/> Checking	Deposit Account: