

ALERTS**Labor & Employment Law Alert - Illinois Legislature Recognizes Payroll Cards As Wage Payment**

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The Illinois legislature has recognized payroll cards as a method of wage payment in Illinois. The House passed HB 5622 following prior approval from the Senate and it now awaits Governor Pat Quinn's signature.

As it is presently written, the Illinois Wage Payment and Collection Act (the Act) expressly provides only for payment of wages via cash, check or direct deposit and makes no mention of payroll cards. This has left the question of the legitimacy of payment of wages via payroll card in Illinois open to interpretation.

Last year, the Illinois Department of Labor (IDOL) attempted to clarify the confusion by issuing guidance on its website regarding payroll cards. The IDOL guidance interpreted the Act to provide for the payment of wages via payroll cards provided several factors were met, including that the employee voluntarily agree to payment of wages via payroll card and be permitted to withdraw the full balance of the card without a fee.

Once HB 5622 is signed into law, the Act's recognition of payroll cards as wage payment will no longer require interpretation. The bill amends the Act by expressly providing for payment of wages by a payroll card. It also adds Section 14.5 to the Act, which lays out the requirements employers must meet in order to pay wages via payroll card. Some requirements are as follows:

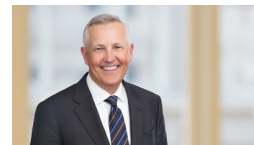
- Employers may not make payment of wages via payroll card a condition of employment for any employee
- Employers must offer employees the option of receiving wages via cash, check, or direct deposit and obtain employees' voluntary consent to receive wages via payroll card
- Employers must provide written disclosures explaining the terms and conditions of the payroll card account option prior to initiating payment of wages via payroll card
- Employees must receive at least one method of withdrawing their full wages from the payroll card every two weeks without incurring a fee
- Employees must be able to receive their transaction history once per month, as well as access their balance at any time without incurring a fee

HB 5622 contains additional provisions specifying employer obligations related to the use of payroll cards as a method of wage payment. Illinois employers who pay wages or are considering paying wages via payroll

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card are encouraged to consult the new law to ensure full compliance.

Once signed, the new law will take effect on January 1, 2015.

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