MSU PayCard

Introduction/Overview

June, 2015
What Problem Are We Trying to Solve?

• Eliminate paper checks
• Increase security
• Increase convenience for employees
  • e.g., paper checks were delivered to units on 12/24/14 and 12/31/14
• Reduce costs
What is PayCard?

• It is a reloadable debit card

• PayCards work just like direct deposit of payroll
  • Allows the University to pay faculty, staff, and employees electronically, which is more convenient, more secure, and saves money
  • Payroll and expense reimbursements are loaded directly to employee’s PayCard

• MSU Federal Credit Union will provide all services for a reloadable VISA payroll debit card (PayCard)
Who Will Be Affected?

- **Current Employees:** About 200 (2%) salary employees (150 faculty and 50 staff) and 2,000 hourly employees (14%) are still paid via paper check. They would have to choose either direct deposit or PayCard beginning August 1, 2015, when paper checks will be phased out.

- **New Employees:** New employees after August 1, 2015, will be required to choose either direct deposit or the PayCard.

- **Use for Temporary Workers:** PayCards can also be used to pay temporary and project pay workers.
Why Implement?

- **More Convenient for the Employee**: Deposits automatic, the PayCard can be used to withdraw funds at an ATM or MSUFCU branch. PayCard could also be used as a VISA debit card for “point of sale” transactions.

- **More Secure**: Electronic payment of wages provides increased security over employee wages
  - Alternative to carrying cash
  - Reduces fraud costs related to lost, stolen, or duplicated checks
  - Uninterrupted payments due to storms, natural disasters, or holidays
  - Protection if card is lost or stolen – card will be blocked and stop payments will be issued for charges that are not yours

- **Saves Money**: Each paper check cost about $5.00 more to process. Eliminating these regular checks provides better stewardship of university funds.
**Why Implement? (cont’d)**

- **Michigan law change**: Allowed mandated electronic payroll payments (direct deposit or debit card)

- **Many Benefits:**
  - Strong local presence of MSUFCU branches throughout greater Lansing makes using the card convenient for employees and students
  - No cost to employees to open a PayCard
  - No transaction fees
  - No cash withdrawal fees if MSUFCU or Co-Op ATMs used
  - $2 fee per replacement card
  - No cost to the University