

Guidance for Employers and Payroll Professionals on Same Day ACH Direct Deposit

Same Day ACH becomes effective on Friday, Sept. 23, 2016. One of the primary use cases for Same Day ACH is for Direct Deposit of payroll. Employers and payroll professionals should understand how they can effectively use Same Day ACH for faster payroll payments.

Same Day ACH: Supporting Employer Needs

- **Late payroll.** Life happens, right? Sometimes a payroll deadline is missed. Same Day ACH will allow employers and their processors an opportunity to recover from a missed deadline and still get employees paid on payday. For example, if you miss a Thursday deadline for Friday's payday, Same Day ACH would enable a payroll file to be submitted Friday morning and ensure funds from Direct Deposits are available to employees on Friday.
- **Paying hourly and/or temporary employees.** Usually, there is some time lag between the reporting of hours worked and processing payroll for hourly workers. Sometimes payroll is processed prior to getting a final report of hours worked. The use of Same Day ACH for payroll would shorten the time lag in either of these situations. For example, a final report for hours worked could be finished at the end of the day on Thursday, the payroll file submitted Friday morning, and funds from those Direct Deposits would be available to employees on Friday.
- **Termination pay.** Many employers have a need or are required to pay all wages owed to a terminated employee on the day of termination. The use of Same Day ACH would enable this requirement to be met without having to manually write a check or pay with cash.



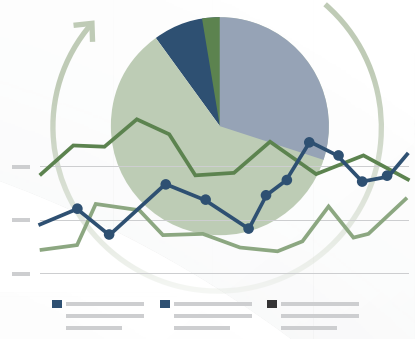
For additional information, visit the Same Day ACH Resource Center:

www.nacha.org/same-day-ach

Same Day ACH: *Moving Payments Faster*

Same Day ACH: Understanding the Details

- Every ACH Direct Deposit has an “Effective Date,” which is the date that you, the employer, intend funds to be paid to your employees. It is essential for accurate payment processing that the Effective Date is correct, regardless of whether or not you use Same Day ACH. This is a key item to check, whether you create your own payroll files or a processor or financial institution does it for you.
- Same Day ACH Direct Deposits are limited to payments of \$25,000 or less. This limit is not on the total amount of the payroll file, but applies individually to each same-day Direct Deposit. As an employer, you should understand that you will not be able to make a same-day Direct Deposit to an individual employee for over \$25,000.
- The U.S. Government will not be participating in Same Day ACH upon the Sept. 23, 2016, effective date. As an employer, you or your processor will not be able to send payments for tax withholdings or other purposes to the U.S. Government as a Same Day ACH payment.
- Same Day ACH cannot be used for international payments.



Same Day ACH: Planning for Implementation

Same Day ACH can be of great benefit to employers and payroll professionals. Make sure you are fully considering how implementation can impact your business.

- What payroll needs do I have that could be addressed by using Same Day ACH?
- Will my financial institution or payroll processor offer Same Day ACH? If so, when?
 - *Your financial institution or payroll processor may require that you be pre-approved, or otherwise set-up, to send same-day Direct Deposits, so consider talking with your institution before you intend to send same-day payroll files.*
- Are my payroll files correctly dated? Will they still be correctly dated as of Sept. 23?
- The nation’s 12,000 financial institutions will be implementing Same Day ACH. Although all Same Day ACH transactions will settle on the same day beginning in September, initially, some institutions may take longer than end of business day to credit some employees’ accounts for same-day payroll Direct Deposits. By March 2018, though, all financial institutions will credit same-day payroll deposits to employees’ accounts by 5:00 p.m. local time.



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