

Paper Paycheck

Definition: Piece of paper that comes with the stub that you have to bring to the bank to get it deposited or cashed

Characteristics: Paper form, has address, employment, amount.

Direct Deposit

Definition: Your employer wires your money into your account. Automatically shows up into your bank account.

Characteristics: Electronic, do not have to go to bank.

Payroll Card

Definition: The third and newest method to pay employees. It's a prepaid card that is offered to employees as an alternative to paper paychecks or directly depositing wages into an employee's depository institution.

Characteristics:

- Smart Card: Have money electronically loaded onto them each pay period with funds automatically deducted from the balance when a purchase is made.
- Function like debit cards.

Examples of fees charged by payroll companies

Protection: Regulation E, or the electronic transfer act allows any fraudulent transactions if reported within 48 hours you will only be responsible for \$50

Benefits to employers: Lower internal costs associated with producing, handling, and distributing paychecks is eliminated.

Benefit to employees: Access to an electric monthly statement of transactions, option for a second card, increased safety (no need to carry around cash), 24 hour access to funds, no check cashing fees each pay period

Taxes

Taxes: Compulsory charges imposed on citizens by local, state, and federal government used to fund public goods and services.

Internal Revenue Service: The governmental agency responsible for collecting federal taxes, issuing regulations, and enforcing taxed laws written by the United States Congress.

Employment Forms

Form W-4: Withholding Allowance Certificate

- Allowance: Used to determine the amount of federal taxes withheld from the paycheck
- Dependent: Person who relies on the taxpayer for financial support

Form I-9: Employment Verification Form used to identify employees and to avoid undocumented workers.

- Examples of documentation: Drivers License, Passport, Social Security card, and Birth Certificate.