Promoting Direct Deposit as a Disaster Preparedness Tool

BY TIMOTHY WALSTRUM, CPP

The events that took place during 9/11 and Hurricane Katrina still conjure frightening images of people lost, displaced, or worse. For many payroll professionals, these events presented unique challenges.

For example, on September 11, 2001, we knew where our employees were located, but with airplanes grounded it was difficult to deliver paper checks to employees. In the case of Hurricane Katrina, the challenge was locating our employees who were displaced by the hurricane and scattered all across America.

Events like these present an opportunity for payroll professionals to educate their employees about direct deposit. Natural disasters like earthquakes, blizzards, tornados, hurricanes, and floods can happen anywhere, at any time, and it’s important to stress to our employees just how much direct deposit can benefit them in these types of situations.

Teach by Example
The best way to educate employees is to launch a campaign where you can use a recent disaster, whether it is local or national, to illustrate your point. Use clips of news stories to show some of the challenges employees in any given disaster had to face. Explain how their pay was easily available if they had direct deposit, and how many had to wait weeks or months if they did not.

On the East Coast, for example, we have faced a number of blizzards over the years. In many cases, the mail could not get through. Traveling by car was very difficult. Although most people were back to work within a week, for some employees, even the loss of their wages for a week was difficult.

Employees may not typically consider where their checks come from and how they receive them. If they don’t live in the same state as their payroll department, those checks have to be delivered by U.S. mail or courier service. Most couriers have hubs where all of the shipments are sent before they are distributed from that location. What happens if there is a disaster in the hub city? Or, as was the case directly following 9/11, where all air traffic is grounded? Depending on the situation, it could be a week or more before employees receive their checks.

If they had direct deposit, the money would have been deposited into their accounts automatically and much more quickly.

Hurricanes Katrina, Rita, and Wilma brought all new challenges to employers and employees. Many businesses were destroyed. Millions of people were forced to flee from their homes. People had to relocate hundreds or thousands of miles away.

The challenge for companies in the Gulf Coast was locating employees so they could deliver their checks. In many cases, it was a process that took
months. Many companies that wanted to help their employees by providing wage continuation were unable to do so if they could not locate those employees. But employees who were signed up for direct deposit received the financial relief they needed.

**Relate to Your Audience**

Here are some things to consider when launching a campaign:

- **Talk about relevant types of disasters.** If you describe situations that actually occur in your region, your employees will be able to picture themselves benefiting from direct deposit.
- **Talk to employees about how disasters in other areas could affect them.**
- **Explain to employees that with direct deposit, the money will be in their account even if they cannot be located.**
- **Stress that in a time of disaster, getting paid will be one less thing they need to worry about.** They’ll have easy access to their money, even if the company cannot find them.

The start of a direct deposit campaign is also an ideal time to make a push for paycards. When people are displaced following a disaster, the unbanked population can be among the hardest employees for a company to locate. If those employees had been using paycards, they would have had access to their money no matter where they ended up. With ATM machines all over the country, it would have been very easy for employees to get their money quickly.

**Having access to their wages is a tremendous help to employees.** Displaced employees need that money just to survive in the days following a disaster, and this is especially true of the unbanked population. If you are having a hard time convincing upper management to offer paycards to your employees, this is one of the arguments you can make.

**Keep It Real**

Talking to employees about the threat of disaster is not always an easy thing. We never want to think tragedy can befall us, so we avoid planning for such circumstances. It’s hard to imagine just how much your life will be affected if you haven’t experienced a disaster. But by using concrete examples, payroll professionals can help. We need to be proactive in planning for every possibility. Then, if something does occur, our employees have peace of mind, knowing that at least one thing is taken care of—they will get paid!

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