Promote Direct Deposit as a Disaster Preparedness Tool

BY TIM WALSTRUM, CPP

Hurricane Katrina. 9/11. The Joplin, Mo., tornado. These events conjure up horrific images in most people’s minds. But for many payroll professionals, these events presented unique challenges as well. In the case of 9/11, companies knew where their employees were located but with airplanes grounded it was difficult to get employees’ checks across the country. During Katrina and the Joplin tornado, the challenge was locating employees who were displaced by the storms and getting payments to them.

Events like these present an opportunity for payroll professionals to educate their organization’s employees about the value of direct deposit. No matter your geographic location, we are all vulnerable to natural disasters—earthquakes, blizzards, tornadoes, hurricanes, or floods. And as 9/11 proved, there are always scenarios we could never have imagined. As payroll professionals, we need to educate the employees we serve about how direct deposit can directly benefit them in these situations.

USING DISASTER EXAMPLES

So how do we go about educating employees about the benefits of direct deposit should the unthinkable happen? The best way to launch a campaign is to focus on a local or national disaster to illustrate your point. Use news stories to show challenges that employees could possibly face.

One example is this year’s Hurricane Irene that hit the East Coast and was followed closely by Tropical Storm Lee. The resulting flooding displaced many people from work and home. Even if employees had wages due to them, they may not have been able to get to work to pick up their checks and the payments couldn’t be mailed because their houses were flooded and inaccessible. Though most people returned to work in a week or two, not having access to wages even for a short period can be difficult.

Another thing many employees do not consider is where their checks come from and how they receive them. If the employee doesn’t live in the same state as their payroll department, those checks have to be delivered. Some companies use the U.S. mail while many others use private delivery services. Most of these couriers have hubs where all of the shipments are sent and then distrib-

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uted from that location to their ultimate destination. What happens if there is a disaster in that hub city? Or in the case of 9/11 when all air traffic is grounded? Depending on the situation it could be a week or more before employees receive their checks. However, if they had direct deposit, the money would be deposited in their accounts electronically, most likely without any delay.

**DISPLACED EMPLOYEES**

Hurricane Katrina and the Joplin tornado presented new challenges to employers and employees. Many businesses were destroyed by the storms, and millions of people were forced to flee their homes. In most cases people had to relocate hundreds or thousands of miles from their original homes.

The challenge for companies was locating these employees so they could get their checks. In many cases, it was months before employers were able to locate employees.

Some companies even wanted to help out their employees by providing wage continuation but weren’t able to because they could not locate these workers. If the employees were signed up for direct deposit, their employers could have provided the financial relief they needed.

**CAMPAIGNING FOR DIRECT DEPOSIT**

When launching a campaign here are some things to think about:

- When talking about disasters, consider the types of natural disasters your employees are likely to face locally.
- Talk to employees about how disasters in other areas could affect them.
- Explain to workers that with direct deposit the money will be in their account even if they cannot be located.
- Stress that during a disaster employees will have one less thing to worry about. They’ll be able to easily access their money even if the company cannot locate them.

**EXPLORING PAYCARDS**

While promoting direct deposit, you can also make a push for paycards if your company offers them.

In many cases those displaced by disasters were part of the unbanked population. If these employees had been using paycards, they would have had access to their money no matter where they were located. With ATM machines all over the country, it would have been very easy for workers to get their money quickly. Having access to their wages is a tremendous help to employees who need that money just to get by in the days after a disaster. If you are having a hard time convincing upper management to offer paycards to your employees, this is one of the most persuasive arguments you can make.

**MAKE PLANNING A PRIORITY**

Talking about disasters and how your employees can be affected is never an easy thing. We never want to think that tragedy can befall us, so we tend to not plan ahead. By using concrete examples, we as payroll professionals can try to break through that mental block many of our fellow employees have. Although none of us ever wishes a disaster would strike, we need to be proactive in planning for the possibility. Then if something does occur, our employees have peace of mind knowing that at least one thing is secure.