

Illinois Legislature Recognizes Payroll Cards As Method Of Wage Payment

June 4, 2014 | [Fair Labor Standards Act](#), [Labor And Employment](#)

The Illinois legislature has passed House Bill 5622, which amends the Illinois Wage Payment and Collection Act (IWPCA) to expressly recognize payroll cards as a method of wage payment in Illinois. HB 5622 is currently awaiting signature by Governor Quinn. Once signed, the new law will take effect on January 1, 2015.

At present, the IWPCA only expressly recognizes cash, check, or direct deposit as valid methods of wage payment in Illinois; the Act is silent regarding payroll cards. Last year, however, the Illinois Department of Labor (IDOL) issued [guidance](#) on its website which interpreted the IWPCA to provide for the payment of wages via payroll card, provided employers using such method met several factors, including making employee participation completely voluntary.

HB 5622 will eliminate the need for interpretation, as it amends the IWPCA to expressly recognize payroll cards as a valid form of wage payment in Illinois. It also adds Section 14.5 to the Act, which lays out a series of requirements employers must meet in order to pay wages via payroll cards. Among the requirements are the following:

- Employers must offer employees the option of receiving wages via cash, check, or direct deposit and obtain employees' voluntary consent to receive wages via payroll card
- Employers must provide written disclosures explaining the terms and conditions of the payroll card account option prior to initiating payment of wages via payroll card
- Employees must receive at least one method of withdrawing their full wages from the payroll card every two weeks without incurring a fee

HB 5622 contains a number of additional provisions specifying employer obligations related to the use of payroll cards as a method of wage payment. Illinois employers who pay wages or are considering paying wages via payroll card are encouraged to consult the new law to ensure full compliance.

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