

# Payroll

## How to Direct Deposits

This procedure describes the process of setting up a Direct Deposit Deduction in the NEMRC Payroll system.

Before starting this process, make sure you have gathered the following information for each Employee requesting a Direct Deposit Deduction:

1. Employee's bank account number (checking and/or savings).
2. Bank routing numbers for your own bank and any other banks that will be involved in the transfer process. At a minimum this will include your own bank's number and the bank numbers for each Employee being set up. Often these are all the same bank. These numbers are different from the more usual bank account numbers.
3. Whether this a checking account deposit or a savings account deposit?
4. Determine a deduction sequence number to use for direct deposit. This should be a standard number 1 through 9 or an alpha letter A through Z except T. Remember, you must choose a number not previously used for another deduction type. You will be rewarded for consistency, so use the same code for every Employee. Since it is possible for an individual Employee to require two Direct Deposit Deductions, one for savings and one for checking, you may need to dedicate two deduction sequence numbers to this feature of the Payroll module, for checking and savings accounts, respectively. Best practice is to use Z for all 100% of net pay direct deposits. Use W, X and Y for the flat amount direct deposits.

Be consistent when setting up deductions. All deductions of similar type should have the same standard deduction sequence number. For example: Health Insurance might always be deduction #1, Dental Insurance might always be #2 and Direct Deposits might always be deduction #Z for checking and #Y for savings.

It is also important that you check the Pay Types screen for each direct deposit Employee to make sure that the data entry area "Include in Base of Deductions?" shows all deduction sequence number(s) in each of the Employee's standard pay types.

To set up a Direct Deposit Deduction:

1. From the Payroll Main Menu choose "6. Employee Maintenance."
2. Find the Employee you wish to set up a Direct Deposit for.
3. Go to the "Deductions" tab.
4. Choose "Add" to add a new deduction.

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5. Enter the deduction sequence number or letter you have chosen for this Direct Deposit Deduction. Valid choices are 1-9 and A-Z except T. Once again we advise you to be consistent and use the same number for every Employee.
6. Click “OK.”
7. The deduction screen for this particular deduction will now be displayed.
8. Refer to the Payroll Menu Item document “6. Employee Maintenance” (the “Deductions” tab) for descriptions of what to enter into the fields.
9. When finished, click “Save” to save the new Direct Deposit Deduction for this Employee.

The Payroll module will protest if you attempt to save either of the following configurations:

An electronic check WITHOUT a 100% net deduction.

OR

A 100% net deduction WITHOUT an electronic check.

We strongly suggest that you do not choose either of these without choosing the other as well. They work together to create correctly configured paychecks and electronic fund transfers.