**NC and SC Direct Deposit and Pay Card Requirements**

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| **State** | **Method of Payment** | **Limitations** |
| **NC** | Payment can be made by any reasonable method to include: Cash, Check, Direct deposit, Payroll card | Direct Deposit/Pay Card requires that:* Employees can withdraw their full wages on payday
* Employees are entitled to one free use of the card each payday at no cost.
* Such fees do not result in the employee making less than state or federal minimum wage (see Federal section)
* If direct deposit is the only option offered the employee, the employees must be able to choose their own financial institution.
* If direct deposit is used in conjunction with the use of a payroll card account, an employer can require the payroll card account to be with a particular financial institution as long as deposits in that institution are insured by the U.S. government, and as long as regular direct deposit is offered to any financial institution of the employee's choice.
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| **SC** | Same as above. | Direct Deposit/Pay Card requires that:* The deposit be at a financial institution which is doing business in the State and is insured by an agency of the federal government.
* The employee is furnished a statement of earnings and withholdings.
* There are no fees related to the deposit of funds.
* In addition, any wage deposit plan (pay card or direct deposit) adopted by an employer shall entitle each employee to at least one withdrawal for each deposit up to the full check, free of any service charge.

There is no reference to pay cards in SC law, therefore it is best practice to not mandate pay cards, and to get consent from the employee. (See federal guidelines on fees.) |
| **Federal** | No specific limitations | Federal regulations require that fees to use the card do not place the employee in a position where they would be receiving less than minimum wage. |

**In both SC and NC**, Catapult does recommend that employers have employees complete a direct deposit authorization form in order to ensure that they have correct financial institution and account information for inputting into payroll. Employers that offer direct deposit as the only method of payment must allow employees to use the financial institution of their choice for their direct deposit.

Written by a Catapult Advisor

Reviewed for NC law only.