

# DIRECT DEPOSIT

## What is Direct Deposit?

It is the method the State uses to pay State employees by having their net pay (pay after taxes and other deductions) deposited directly into their checking or savings account.

## Why does the State provide Direct Deposit?

The State provides this service to employees because it is safe, fast and convenient. It is a valuable employee benefit.

## Who can have Direct Deposit?

Any State employee can have Direct Deposit. Under State Treasurer regulations, all new State employees paid through Central Payroll Bureau are required to participate in Direct Deposit, unless the employee has requested an exemption from receiving net pay by Direct Deposit. To obtain a waiver/exemption from Direct Deposit, State agencies should contact Maryland Correctional Enterprises (MCE) at: 410-540-5454 for a supply of form #STO 166.

## How does Direct Deposit work?

On paydays, your net pay is deposited into your account by electronic fund transfer based on information provided by the Central Payroll Bureau to your bank through the State Treasurer's Office. There is no check to pick up, waiting in line on payday to deposit your check or special arrangements when you are on vacation or traveling on business. Your pay is immediately available to you in your designated checking/savings account on payday.

## How do I know how much I've been paid?

You can access your earnings statement (pay stub), which shows your hours, earnings, taxes, and deductions just like a regular paycheck. This information can be found by using the Payroll Online Service Center (POSC). Visit our web site: [www.marylandtaxes.gov/statepayroll/online-services.php](http://www.marylandtaxes.gov/statepayroll/online-services.php)



## Must I use a particular bank?

No. You may have your pay deposited to the banking institution of your choice. While you may designate only a single checking/savings account for your net pay, most banking institutions will distribute your net pay from a single checking/savings account into one or more other accounts, such as savings, IRA, or loan payment.

Almost all banking institutions have incentives to encourage you to send your Direct Deposit to them.

If you don't have a checking account or aren't happy with your current banking institution, go to several and select the banking arrangement that is best for you in terms of convenience, safety, service, interest on your deposits, and cost of service.

## **How do I sign up for Direct Deposit?**

To sign up for Direct Deposit, visit our web site at: [www.marylandtaxes.gov/statepayroll/online-services.php](http://www.marylandtaxes.gov/statepayroll/online-services.php) or see your personnel or payroll office for an authorization form. Fill the form out completely. Enter your bank's routing number and your checking/savings account number. When you have completed the authorization form, make a copy for your records and send the original to Central Payroll through your personnel or payroll office, or mail it to Central Payroll at the address on the authorization form.

## **When does it start?**

It takes two pay periods for Direct Deposit of your net pay to begin. For security and your protection, we take the first pay period to go through a process called "pre-notification". This ensures your banking institution is part of the national system and your account number can be properly recognized.

## **What if I want to make a change?**

Simply file a new authorization form or log on to POSC and submit a change. If you want to change the bank and checking/savings account to which your net salary is deposited, check the "Change" block and enter the new account number. This must be done even if you are remaining with the same bank but changing account numbers.

Submit the new authorization form to Central Payroll and keep a copy as a record of your request.

The Direct Deposit to your old bank account will stop within 21 days after Central Payroll receives your new authorization form. The Direct Deposit to your new bank account will start after two pay periods. In the interim you will receive paychecks. Be sure to keep your old account open until after you start receiving a paycheck.

## **What if I want to cancel Direct Deposit and receive paychecks?**

The quickest way to discontinue direct deposit is to log on to POSC and submit your request online. You may also file a new authorization form, checking the "Discontinue Direct Deposit" box.

Submit the new authorization form to Central Payroll and keep a copy as a record of your request. The Direct Deposit to your old bank will stop within 21 days after Central Payroll receives the request to cancel. You will then receive paychecks until a new direct deposit authorization is submitted. Be sure to keep your account open until after you start receiving a paycheck.

## **What can I do to minimize problems?**

If you change or cancel your Direct Deposit, keep your old bank account open until you receive your first check. This will prevent your Direct Deposit from being channeled to a "closed account" on payday. Don't use payday funds in your Direct Deposit account until you verify that the funds are available in your bank account.

## **What is the risk of error?**

The most recent error rate was .01%, which means that 99.99% of all Direct Deposit transactions have been problem free.

Direct Deposit is extremely reliable, but it is not perfect because of the possibility of a human or machine error. If you believe that an error has occurred, contact your payroll office, which has a record of payments made and the composition of your net pay.

If you did not get a paycheck and your net pay was not directly deposited into your bank account, please contact Central Payroll at 410-260-7401 for assistance.

## **How does this effect my State Employees' Credit Union Deduction?**

Not at all. While the effect may be similar, your SECU deduction - whether it is for savings, IRA, share draft or loan payment - is not Direct Deposit. Direct Deposit is only for your *net* pay (after taxes and deductions, including any amount you may have deducted for the credit union).

You may choose SECU as the banking institution to receive your Direct Deposit or you can continue a fixed credit union deduction and send your net pay by Direct Deposit to another banking institution.

## **Where can I go for more information?**

To sign up for Direct Deposit, to make a change, or if you have questions, see your personnel or payroll office or visit our web site at: [www.marylandtaxes.gov/statepayroll/online-services.php](http://www.marylandtaxes.gov/statepayroll/online-services.php).

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