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Employees 'Clear-Ly' Like The Payroll Deduction Card

When a new idea comes along that claims to be "the ideal voluntary benefit," it's probably worth your time to check it out. Knowing that your time is at a premium, though, we're letting you off the hook. We've already looked into it, and guess what? It just might be true.

E-Duction, a Pennsylvania-based company, started as the brainchild of founder Kirk Watkins. An entrepreneur, Watkins was president of a company selling uniforms to nurses, security guards, and others. He offered several payment options but found that payroll deduction was the most popular. He realized that perhaps nonuniformed employees might like to take advantage of the same opportunity.

Advantages

Some deal-making and a few investors later, the Clear card was off and running. Now available exclusively as an employee benefit, the card offers the advantages of paying for virtually any purchase through payroll deduction. "It's a payment card that you carry in your wallet," says Tom McCormick, general counsel at E-Duction (<http://www.e-duction.com> or (877) 663-3828).

"You can use this card to purchase any product or service anywhere in the world that MasterCard is accepted. That's about 28 million locations."

Repayment is through payroll deduction, over a two-month period. "Let's say you purchase something for \$100," explains McCormick. "The \$100 will be repaid—interest free—through a series of payroll deductions. If you're paid twice a month, that would mean four \$25 installments over four pay periods."

The advantage is clear, if you'll pardon the pun, according to E-Duction client Wendy Carver-Herbert. As vice

president of corporate communications for First Data Corp., Carver-Herbert is fully aware of the importance of a top-rung employee benefits package: "First Data is always looking for ways to be able to enhance the benefits and programs we offer our employees. And obviously we're always looking for ways to be able to do that in a cost-effective way."

Employee Benefits

Carver-Herbert says employees appreciate the Clear card: "We had an employee who, when she went through one of the meetings where we were describing how the card works, mentioned that [the card] would allow her to be able to buy new tires for her daughter. It essentially paid for one tire at a time."

"What we do is allow you to use that payroll deduction process to pay for anything you'd like."

Layaway would mean the tires would need to be paid off before she could use them; charging them would mean interest; and buying one tire at a time didn't make sense. "This really allowed her to be able to do that. She thought this offered her a great solution to be able to truly manage her finances," says Carver-Herbert.

Benefits for HR

"You know the pressure HR departments are facing with the rising costs of health care and other benefits," says McCormick, pointing out the necessity of sometimes delivering bad news to employees. "Contributions are being pushed down; copays, deductibles, and premiums are being pushed up. [The Clear card] is a voluntary benefit that employees love, that companies can roll out to their

employees at no cost whatsoever to the employer. The employee pays an annual membership fee of \$29. But if you avoid one credit card late fee, you break even," he says. Because there are no interest charges, employees come out ahead. "Here is a program that an HR person can present to [the] CFO and say, I've got a program that the employees are going to love, and it's not going to cost us a penny," McCormick adds.

E-Duction presents the Clear card as a solution to several problems, from both the employer's and the employees' points of view. "The employee has access to a payment card through which they can pay for goods and services without ever risking interest charges or late fees," McCormick says. It's an alternative to credit cards, where repayment "can take months or even years, and you'll pay exorbitant interest rates and be at risk for late fees. People love payroll deductions for their 401(k), health insurance, and more. What we do is allow you to use that payroll deduction process to pay for anything you'd like."

McCormick points out that employers like the Clear card for a variety of reasons: "401(k) borrowing is a problem for certain employers. So are requests for salary advances. The card limits both."

And some employers choose to introduce the card as a positive at a time when they are faced with communicating cost increases or other bad news. "It allows employers to deliver some good news with the bad news they're being forced to deliver," McCormick says.

Clearly, that's a benefit you can use. - lh