



Jobs: Advance idea

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“Can I borrow some money until payday?”

It’s a difficult request to make, especially of your employer. “The employee has to be at wit’s end to ask,” says Frank Dombroski, president of FlexWage.

Yet, a recent survey conducted by the Society for Human Resource Management and commissioned by Elevate, an online credit firm, finds that 53 percent of workers had approached a representative of their firm for a payroll advance in the last year.

In addition, thirty-seven percent of human resources professionals polled reported that employees missed work in the last year due to a financial emergency.

But even when employers would like to advance money, “it’s difficult to administer,” says Dombroski. Lending money involves setting payback terms – essentially entering the lending business – and following banking regulations.

In accordance, several new firms are popping up to serve as third-party loan administrators to employees in need of financial assistance. Nineteen percent of respondents to the SHRM-Elevate survey reported using an outside firm.

The terms of payroll advances vary according to the third-party firm hired by the employer.

FlexWage, for instance, accesses the employer’s payroll data. Advances are determined by how much in wages are already earned.

Elevate has an Elastic line of credit, available to some seven million workers, reports Kathy Boden Holland, EVP of Elevate. Employees can choose to pay back the advance in one to five payments.

The payroll advance firms say these loans are less expensive than other payday loan options, available from Internet sites or neighborhood institutions.

SHRM has issued suggested guidelines for companies offering payday advances, among them: Repayment terms should be clear, advances should not be approved if a worker has another advance outstanding and requests that exceed one week’s net pay should have the approval of the vice president of human resources and the chief financial officer.

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