Hire-to-Retire
SAME DAY ACH ESSENTIALS LIST

Same Day ACH is an optional payment method for payroll, travel/expense, wage adjustment payments (e.g. garnishments, state and local tax withholdings), where payments sent "today" will be received and credited "today." This "Essentials List" outlines considerations for a business to review when evaluating the Same Day ACH payment opportunity in Hire-to-Retire processes.

Action 1:	Responsibility (examples):
Assess Opportunity/Use Case Analyses • Cost savings • Emergency payments • Irregular payments • Reduced exceptions	Payroll Director, Human Resource Manager, Controller, Chief Financial Officer, Treasurer

Consider:

Low Cost – Greatest Reach for Expedited Payments:
Low cost expedited payment option, and Same Day ACH payments can be sent to any bank account in the U.S. Opportunity to replace costly check payments.

Example metrics to track– cost per payment/disbursement, reduction in manual/emergency check payment labor, employee satisfaction

Missed Payroll Deadlines, Errors, Tax Withholdings (State and Local) and Garnishments:
Option for missed payroll deadlines, payroll error corrections, state and local tax withholdings remittances, special relocation payments, and remittances of garnishment payments.

Example metrics to track– payment processing cycle time, employee satisfaction

Interns, New Hires, Hourly Workers, and Terminations:
Option to support irregular payroll needs for hourly workers, newly hired that may need expedited payment, summer interns, temporary staff, and termination/payout needs.

Example metrics to track– cost per payment/disbursement, reduction in manual/emergency check payment labor, payment processing cycle time, employee satisfaction

Exception/Error Resolution:
Will receive faster notifications regarding problem payments (e.g., account not found, incorrect account number), improving speed for resolution and action (e.g. re-initiating payments, stop payments).

Example metrics to track– cost per payment/disbursement, reduction in manual/emergency check payment labor

Same Day ACH for Businesses

Action 2:	Responsibility (examples):
Review Bank/Payment Provider ACH Payment Services – Originator-ODFI (Originating Depository Financial Institution) Agreement	IT, Payroll Director, Controller, Bank/ Payment Service Provider, Accounting/ ERP Provider, Legal

Ask about:

Same Day ACH Service Availability:
Facilitating Same Day ACH payment initiation is optional for banks.

New File Payment Submission Schedule/Cut-off Times:
Bank has two windows to submit Same Day ACH payments; bank will determine lead time necessary to execute Same Day ACH payments.

Non-monetary Receivable Transaction Submission Schedule/Cut-off Times:
Bank has two windows to submit Same Day ACH non-monetary transactions (e.g. pre-notes); bank will determine lead time necessary to execute non-monetary Same Day ACH transactions.

Payment Confirmation and Return Notifications:
Some banks/providers offer confirmation/status messaging and notifications of returns regarding initiated payments; payers may need more frequent notifications if this service is used.

Schedule/Timing for Funds Withdraw:
Same Day ACH may affect the timing for when funds are withdrawn from the payer's transaction account, and/or there may be updated pre-funding or other eligibility requirements.

Fees:
As with any service, banks may charge differently for Same Day ACH. Check with your bank or service provider.

Same Day ACH for Businesses

Action 3:	Responsibility (examples):
Assess Internal Processes, Payment File Creation and Systems Impact	IT, Payroll Director, Controller, Bank/Payment Service Provider, Accounting/ERP Provider, Legal

Ask about:

Same Day ACH Payment Identification:
Same Day ACH payments will be identified by coding "today's" date in the Effective Entry Date field, meeting the processing deadline/windows defined by the payer's bank. In addition, the payer's bank may at its discretion, require payer clients to further show intent for same-day settlement using other methods, such as a same-day indicator in the Company Descriptive Date field.

Effective Entry Date:
Payers code the Effective Entry Date field to specify the date the payment is intended to be settled. Coding the field with "today's" date indicates a Same Day ACH payment; coding the field with one or two days following "today's" date indicates "classic" ACH settlement. Note that if the payment contains a stale (i.e. old) or invalid date in the Effective Entry Date field, the payment could be processed in the next available window, which could be same day or next day.

Daily/Scheduled Pay Runs:
Same Day ACH payments may require a separate batch, and payment run timing may vary with Same Day ACH payments compared to "classic" ACH. Ineligible transactions (i.e., International ACH, single payments over $25,000, federal government payments) need to be excluded from any Same Day ACH payment run. Timing of Same Day ACH payment run must align with bank file submission requirements.

Operations Review:
Test file delivery methods and channels internally, and with bank/vendor partners.

Action 4:	Responsibility (examples):
Evaluate Risk	IT, Payroll Director, Controller, Bank/Payment Service Provider, Accounting/ERP Provider, Legal, Risk Managers

Ask about:

Depository Agreement:
Transaction accounts may be debited for outgoing payments sooner than before. Assess impact to intraday liquidity/liquidity risk/daylight overdraft; review options such as intraday bank reports to stay on top of cash position.

Risk Controls:
As transactions move faster, so too will transactions that are erroneous or not due to an employee. Less time might be available to screen transactions for errors and to correct any errors. Consider using same-day reversals to correct errors.

For additional information, visit the Same Day ACH Resource Center:
www.nacha.org/same-day-ach
or NACHA's Corporate Relations site:
www.nacha.org/corprelations.

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