**PAY ADVANCES AND LOAN POLICY**

**POLICY**

General policy

[EMPLOYER'S NAME] does not typically provide payroll advances or loans to employees. This policy is intended to avoid involvement in employees’ personal financial matters and to prevent creating a debtor-creditor relationship. Exceptions to this policy may only be made by [POSITION] and must meet strict eligibility criteria.

[EMPLOYER'S NAME] also does not release paychecks before designated pay dates. This policy complies with IRS regulations regarding constructive payment of wages and payroll tax deposit responsibilities.

Exceptions for employees

While not required to do so, [EMPLOYER'S NAME] acknowledges that exceptional or emergency circumstances may arise where an employee has a critical need for immediate financial assistance. In these rare cases, eligible employees may request a pay advance or loan. Requests will be reviewed and approved at the sole discretion of [POSITION] and must follow the procedures outlined in this policy.

**ELIGIBILITY AND CONDITIONS**

General eligibility requirements

Employees may request a payroll advance or emergency loan under this policy, subject to the following eligibility criteria:

1. The employee must be a current [and regular full-time] employee.
2. [The employee must have been employed by [EMPLOYER'S NAME] for at least [NUMBER] [consecutive] months.]
3. [The employee must have received a minimum overall rating of [RATING] in performance reviews for the previous [NUMBER] year[s].]
4. [The employee must not have received any written warnings, suspensions, or other disciplinary actions in the previous [NUMBER] month[s].]
5. [The employee must not be on a performance improvement plan.]
6. [The employee must not be on a leave of absence.]
7. [The employee must not have an outstanding balance from a prior payroll advance or loan.]
8. [[OTHER ELIGIBILITY REQUIREMENTS].]

Payroll advances

A payroll advance is a provision of money by [EMPLOYER'S NAME] to an employee before it is earned, with the expectation of future earnings. Payroll advances are subject to the following conditions:

* A payroll advance may not exceed [[NUMBER]% of the employee's [weekly/biweekly/monthly] net pay/[AMOUNT]].
* An employee may not request another payroll advance until [CONDITIONS].
* No more than [NUMBER] payroll advances may be granted within a [NUMBER]-month period. [Additionally, [NUMBER] [months/year[s]] must elapse between repayment of the last advance and the request for a new advance.]
* [Employees are limited to [NUMBER] payroll advances during their employment with [EMPLOYER'S NAME].]
* [[OTHER REQUIREMENTS].]

Emergency loans

Emergency loans may be provided to employees who face immediate financial needs due to unforeseen circumstances. Examples of qualifying emergencies include:

* [Travel to attend the funeral of a close family member[, defined as [DEFINITION]].]
* [Uninsured medical emergencies.]
* [[OTHER REASONS].]

Situations that typically do not qualify as emergencies include predictable expenses such as:

* [Credit card bills.]
* [Phone or utility bills.]
* [Vacation or holiday expenses.]
* [[OTHER EXAMPLES].]

Emergency loans are subject to the following limitations:

* The maximum loan amount is $[AMOUNT].
* An employee may not request more than [NUMBER] emergency loans within a [NUMBER]-month period. [Additionally, [NUMBER] [months/year[s]] must pass after the full repayment of a prior loan before requesting a new one.]
* Employees are limited to [NUMBER] emergency loans during their tenure with [EMPLOYER'S NAME].
* No further payroll advances or loans will be issued until any existing loan is repaid in full.
* [The employee must document that no other financial resources are available, including lending institutions.]
* [[OTHER REQUIREMENTS].]

[Misuse of a corporate credit card for personal expenses will be treated as a loan and subject to the terms of this policy.]

**PROCEDURE**

Employees seeking a pay advance or loan must submit their request [in writing[, using a [FORM NAME]]] to the [Human Resources/[DEPARTMENT NAME]]. The request will be reviewed and decided upon by the [POSITION NAME], who has sole discretion to:

* Approve or deny the request.
* Determine the amount of the pay advance or loan.
* Set the terms and conditions for repayment.

General requirements

1. Acknowledgment for pay advances: If a pay advance is granted, the employee must provide written acknowledgment, which will include the terms and deadline for repayment.
2. Agreement for emergency loans: If an emergency loan is approved, the employee must sign a [promissory note/loan agreement], detailing the loan repayment schedule[, and interest terms and rate].
3. Repayment method: Repayments for [pay advances and loans/pay advances/loans] will typically be made [by/through] [a [monthly/[FREQUENCY]] payroll deduction, unless prohibited by applicable state law/[OTHER METHOD]].
4. Repayment on termination: All outstanding pay advances and loans become due upon termination of employment. [To the fullest extent allowed by applicable state law, the outstanding amount may be deducted from the employee's final paycheck.]
5. Compliance with wage laws:
	1. [EMPLOYER'S NAME] complies with the Fair Labor Standards Act (FLSA) and all applicable state wage deduction laws.
	2. Wage deductions for advances or loans are made only if permitted by state law.
	3. Employees must provide written authorization for any wage deductions used to recover the advance or loan, which will include:
		1. The total amount to be recovered through deductions.
		2. The deduction amount per paycheck.
		3. The schedule for deductions, including dates.

[[OTHER REQUIREMENTS]]

All terms and procedures outlined herein are subject to applicable laws and regulations, and [EMPLOYER'S NAME] retains the right to modify repayment terms or procedures to ensure compliance.

**POLICY ADMINISTRATION**

The [DEPARTMENT NAME] Department or [EMPLOYER'S NAME]'s [POSITION] is responsible for overseeing and administering this policy. If you have any questions about the policy or its application, please contact the [DEPARTMENT NAME] Department or [EMPLOYER'S NAME]'s [POSITION] for further assistance.

This policy is designed to comply with applicable federal and Rhode Island state laws governing payroll advances, employee loans, and wage deductions. [EMPLOYER'S NAME] will ensure all practices related to this policy align with relevant legal requirements, and additional state-specific provisions may apply.

**ACKNOWLEDGEMENT OF RECEIPT AND REVIEW**

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (employee name), acknowledge that on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date), I received and reviewed a copy of [EMPLOYER'S NAME]’s [NAME OF POLICY]. I understand that it is my responsibility to familiarize myself with the policy and adhere to its terms.

I also acknowledge that this policy is not intended to create an employment contract or alter my at-will employment status, unless otherwise specified in a written agreement signed by an authorized representative of [EMPLOYER'S NAME]. Any delay or failure by [EMPLOYER'S NAME] to enforce the provisions of this policy does not constitute a waiver of its rights to enforce them in the future.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date