



A township firefighter asked us to commence voluntary withholdings from his paycheck to pay his dues in the local firefighters association. Is this permissible?

MCL 408.477 appears to allow an employer—including a public employer—to make payroll deductions that are unrelated to standard federal, state and local deductions and employee benefit deductions, as long as the employee requests in writing that a deduction be made. The employee, at any time, can rescind in writing his authorization to have the withholdings deducted from his paycheck.

Such withholdings cannot be made for a political action committee or other political association. Townships and other public bodies are specifically forbidden from withholding and remitting to any political campaigns—whether for local, state or federal elections.

Additional requirements include:

1. The cumulative amount of the deductions shall not reduce the gross wages paid to a rate less than minimum wage.
2. Each deduction from an employee's wages shall be substantiated in the records of the employer and shall be identified as pertaining to an individual employee. Prorating deductions between two or more employees is not permitted.
3. The employer shall furnish each employee, at the time of payment of wages, a statement of the hours worked by the employee, the gross wages paid, identification of the pay period for which payment is being made, and a separate itemization of deductions.



What about wage garnishments from tax authorities and creditors?

A wage garnishment is any legal or equitable procedure through which some portion of a person's earnings is required to be withheld by an employer for the payment of a debt. Most garnishments are made by court order, or levies by the Internal Revenue Service or the State of Michigan. Federal law—Title II of the Consumer Credit Protection Act—limits the amount that can be withheld, and protects workers from being terminated for such actions.

The amount of pay subject to garnishment is typically based on an employee's "disposable income" or the amount left after legally required deductions are made. The law sets a maximum amount that may be garnished in any workweek or pay period, regardless of the number of garnishments received by the employer.

Interpreting the proper course of action for any garnishment orders can be complex. Townships should refer any such orders to their labor counsel or township attorney for guidance. The U.S. Department of Labor "Fact Sheet #30" is also a useful resources on the topic. Visit www.dol.gov and search for "Fact Sheet #30."

Information provided in *Financial Forum* should not be considered legal advice, and readers are encouraged to contact their township auditor and/or attorney for advice specific to their situation.


Learn more at MTA's July 'Financial Double Feature'

Get your township finance questions answered in person, when *Financial Forum* author David Williamson hits the road for MTA's "Financial Double Feature" at four locations around the state this July.

Joined by MTA Member Information Services Liaison Jim Beelen, this financial dynamic duo will offer a full day of township fiscal topics. Choose from a morning session on "Money Matters," take in an afternoon session on "Better Budgeting," or attend both! Turn to page 21 for a registration form.

When registering for the July workshops, you may also purchase MTA's "Building a Better Budget" publication, which addresses issues from budgeting basics to projecting future financial trends, and includes a CD of samples to customize for your township's use. You may also purchase the book, which includes 2004 updates by Williamson, at www.michigantownships.org/mta_store.asp or by calling (517) 321-6467.





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