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WAGE OVERPAYMENT / UNDERPAYMENT POLICY

(General information about wage overpayments: as noted in the article "[The Texas Payday Law - Basic Issues](#)", the U.S. Department of Labor considers wage overpayments to be in the same category as wage advances or loans, and thus finds no minimum wage problem with deductions from future wages to recoup such overpayments. However, the Texas Payday Law requires such deductions to be authorized in writing by the employee in order to be valid. The best practice is to cover this idea in a written policy, as illustrated by the example below, and as part of a wage deduction authorization agreement (see item 5 in the [sample wage deduction authorization agreement](#) in this book). This policy is of such importance that it should be separately signed by each employee, in addition to the signed written wage deduction authorization agreement. Keep a copy of the signed version of the policy for each employee's personnel file.)

WAGE OVERPAYMENT / UNDERPAYMENT POLICY

The Company takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled paydays.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of the General Manager or Payroll Manager so that corrections can be made as quickly as possible. If the employee has been underpaid, the Company will pay the employee the difference as soon as possible. If the employee has been paid in excess of what he or she has earned, the employee will need to return the overpayment to the Company as soon as possible. No employee is entitled to retain any pay in excess of the amount he or she has earned according to the agreed-upon rate of pay. If a wage overpayment occurs, the overpayment will be regarded as an advance of future wages payable and will be deducted in whole or in part from the next available paycheck(s) until the overpaid amount has been fully repaid. Each employee will be expected to sign a wage deduction authorization agreement authorizing such a deduction.

I understand this policy and agree to its terms, I acknowledge that any wage overpayment constitutes an advance of future wages payable to me, and I give permission to the Company to deduct any wage overpayments [choose one: in full or in installments of \$_____ at a time] from any subsequent paycheck(s) to which I become entitled until the overpaid amount has been fully repaid.

Signature of Employee Date

We ask that employees realize that pay errors are not intentional and that employees be understanding if such an event occurs.

See also: [Wage Overpayments](#)

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