

OVERPAYMENT GUIDELINES

Purpose: To record and correct an overpayment of wages due to an employee.

Forms Needed: Overpayment Notification and Authorization to Reduce Wages

An overpayment can be reduced from the employee's next check or it can be repaid via personal check depending on the circumstances.

1. Contact the Payroll department to determine the amount of the overpayment and how it should be repaid.
2. Prepare the Overpayment Notification on departmental letterhead. It must be signed by the director/department chair. Examples follow on the next page.
3. Prepare the Authorization to Reduce Employee Wages.
4. Mail the letter and form on department letterhead, signed by the director/department chair and mailed by certified mail, return receipt requested to the employee's local home address. The letter and form can be hand-delivered in person.
5. The employee should, upon receipt of the letter, sign the Authorization to Reduce Wages form. If it was determined that the employee would pay back the funds, then a check needs to be attached to the authorization form.
6. The department should make a copy for its file and forward both the letter, the original Authorization to Reduce Wages form and check (if applicable) to Payroll.
7. Payroll will complete the overpayment process during the next pay cycle.

Employee Does Not Sign the First Letter

If the employee does not respond within two weeks from the date of the first letter, a second letter is mailed. The second letter notifies the employee that action will be taken to deduct the gross-overpaid amount from a future payroll check. This letter must also be prepared on department letterhead, signed by the director/department chair and mailed by certified mail, return receipt requested to the employee's local home address.

Why Employee Notification and Signature is Mandatory

The University cannot legally withhold the amount from a future check without advance written notice (due process) to the employee of the intent to withhold from their check. As stated in the letter, if the employee does not believe they owe the amount specified, they may set up an appointment to meet with the department to present their arguments. The department should notify HRS/Payroll that a meeting has been requested.

Sample #1 Overpayment Letter

On your Department letterhead.....

Certified Mail #

TO: *EMPLOYEE*

FROM: *DEPARTMENT*

SUBJECT: Salary Overpayment

DATE: *Date notifying the employee of the overpayment*

This is to inform you that you were overpaid a gross amount of \$xxx for the pay period ending xx-xx-xx. If you would like to repay by personal check, please notify us and the net amount of the overpayment will be calculated by payroll and sent to you. If you would like to have your next pay check reduced, to repay this overpayment, please sign the enclosed form and return as soon as possible.

Please see me as soon as possible about repaying this debt. If you have not responded by xx-xx-xx, *two weeks from today's date*, we will notify the Payroll Office to deduct \$xxx, *the gross amount of the overpayment*, from your gross pay for the pay period ending xx-xx-xx, *the next pay period*, which will be paid xx-xx-xx .

If you do not believe you owe this amount, please contact me by xx-xx-xx, and I will schedule time for us to meet so that you can present your arguments as to why this amount should not be deducted from your paycheck.

If you have any questions regarding this matter, please let me know.

cc: Payroll Office

On your Department letterhead.....

Sample #2 Overpayment Letter, Employee Failure to Respond to First Letter

Certified Letter #

TO: *EMPLOYEE*

FROM: *DEPARTMENT*

SUBJECT: Salary Overpayment

DATE: *2 weeks from date of first letter*

You were notified *xx-xx-xx, date of first letter*, that you were overpaid a gross amount of \$ *xxxx* for the pay period ending *xx-xx-xx*. We requested that you contact us for the net amount of the overpayment, or return a signed authorization form.

You have failed to respond; therefore, the Payroll Office has been notified to deduct \$ *xxxx, the gross amount of the overpayment*, from your gross pay for the pay period ending *xx-xx-xx, the next pay period*, which will be paid *xx-xx-xx*.

If you have any questions regarding this matter, please contact me.

cc: Payroll Office

AUTHORIZATION TO REDUCE WAGES

Date: _____

Name: _____

SS#: _____

Department: _____

I authorize the University of Missouri-St. Louis to deduct a total of \$_____ from my _____ payroll check, to repay an overpayment of salary that was received on _____, for pay that was not due.

Signature: _____