

# Propel HR

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PROTECT YOUR PROPERTY

## TERMINATION HEADACHES

Can you relate to “Betty, Business Owner”?

“I fired Fred yesterday because I caught him stealing tools. He got mad and left without giving back my shop keys, cell phone and uniforms. I need to withhold the cost for these things from his last check.”

Can Betty Business Owner withhold the cost of these items from the employee’s final paycheck? Are you sure?

The answer is: “it depends.” The first question to ask is whether Fred signed anything that gives the company authorization to deduct such items from his check. If he has never signed such a document, Betty has three choices. She can try to now get Fred to come back in and sign a form authorizing Betty to withhold money from his check (how many think this will happen?); she can take Fred to small claims court, which may prove to be more costly than the items are worth; or she can realize she will not recover the items nor the money from Fred and determine not to let this happen again!

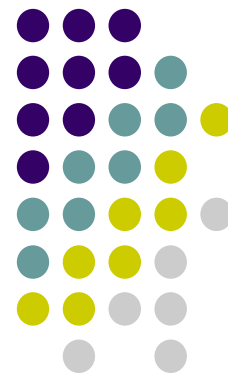
### “I don’t want this to happen again”!

Propel HR recommends businesses use a Company Property Log for two important reasons. #1) To track the property each employee has, #2) to have the employee’s signature on file, agreeing to return or pay for items not returned or damaged. Upon termination is not the time to try to convince an employee to sign a form to have a deduction come from their final paycheck. Having this form signed upon employment (or when the employee is given company property) makes it clear to the employee that the expectation is that equipment will be cared for and that he/she is responsible for the care and return of the property.

We suggest reviewing this form annually to make sure new items are on the form and old items that have been returned are noted as such. For your convenience, we have printed a form for you to use on the back of this newsletter. Simply make a copy of it and start using today with all employees who have company property that must be returned upon separation from the company. This form is also available on our website ([www.propelhr.com](http://www.propelhr.com)). If you’d like for us to customize this form for your individual business needs, call Julie Bagwell at 271-7611.

“I’ll hold his check until he brings it back”!

While it is frustrating when an employee has your property, it is against the law to hold an employee’s



If you have any questions concerning the information in this newsletter, please call  
Propel HR  
at  
(864) 271-7611 or  
(800) 446-6567.

### Is this a guarantee?

No. The Fair Labor Standards Act requires payment of at least the minimum wage for all hours worked in a workweek. **This applies to the final paycheck.** Even with a signed statement agreeing to deductions, employers can only deduct to the extent that the employee receives the minimum wage for the hours he worked during the final pay period. For example, a terminating employee is owed his last week of 40 hours at \$10.00 per hour. The employer wants to withhold \$300 for company property not returned. He can’t deduct the full amount because the employee has to receive at least minimum wage (\$5.15/hour gross wages) for the hours he worked. The employer could only withhold \$194.

