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Alaska Formally Permits Payment of Wages Via Paycard

Effective July 1, 2026, employers in Alaska are officially permitted to pay employee wages via paycard, if certain conditions are met [S.B. 79, L. 2026]. Prior to this, PayrollOrg received guidance from the Alaska Department of Labor and Workforce Development (DLWD) that paycards were allowed.

Previous guidance from DLWD

In 2008, PayrollOrg wrote to the DLWD asking whether paycards were permitted in Alaska and received a response that explained that paycards were "historically allowed." Paycards had to be offered to employees as a voluntary option to hard copy paychecks or direct deposit, and the entire amount of wages had to be accessible without a fee at least once per pay period.

State law

Definitions. Under the new state law, a payroll card account is defined as an employee's account established through an employer to which the employer transfers the employee's wages or other compensation. A payroll card (paycard) is defined as a card or other device used by an employee to access the employee's wages from a payroll card account.

An employer may credit employee wages to a payroll card account if an employee has voluntarily authorized the credit or if an employee has not authorized direct deposit of wages under state law.

Requirements

An employer paying wages via payroll card account must notify the employee of:

(1) The employee's wage payment options;
(2) The terms and conditions, including a list of fees assessed by the issuer of the card;
(3) A cost-free method for the employee to access wages via payroll card account
(4) A cost-free method for the employee to check the balance of the payroll card account; and
(5) The fact that the payroll card account may be subject to certain fees, in addition to fees assessed by the card issuer.

An employee must be allowed at least one cost-free withdrawal per week or pay period, whichever is longer, of their full net wages. An employee must also be provided with an unlimited cost-free way to check the balance of the payroll card account through an automated telephone system and an electronic system.

An employer cannot offer a payroll card account that charges fees for:

(1) An employee to apply for the payroll card account, initiate use of the card, or participate in the payroll card account program;
(2) Issuing an employee's first paycard, and one replacement card each calendar year;
(3) Transfer of employee wages or other compensation from the employee to the paycard; and
(4) Point-of-sale purchase transactions (such as purchases at a grocery store).

An employer may not offer a payroll card account unless employee wages are insured by the Federal Deposit Insurance Corporation (FDIC) or another entity that insures bank deposits.