



EMPLOYER BULLETIN:

Michigan's Social Security Privacy Act Is Now In Effect

Effective, January 1, 2006, employers are required to adopt a social security number privacy policy to protect the confidentiality of employees' social security numbers. The Michigan Social Security Privacy Act prohibits and/or restricts the use of social security numbers and requires that policies be adopted to ensure all use is lawful and confidential. A privacy policy must:

1. Ensure (to the extent practicable) the confidentiality of the social security numbers;
2. Prohibit unlawful disclosure of the social security numbers;
3. Limit who has access to information or documents containing the social security number;
4. Describe how to properly dispose of documents containing social security numbers; and
5. Establish penalties for violation of the privacy policy.

As an employer, there are specific prohibitions regarding the use of social security numbers. However, in some cases, an employer can limit its use of the social security number to four sequential digits of the number or may continue to use the entire number as a primary account number if that use began prior to March 1, 2005 and it is ongoing, continuous and in the ordinary course of business. However, whenever possible, we recommend not using social security numbers to identify a person; rather, use a unique identification number instead.

An employer who knowingly violates the act is guilty of a misdemeanor punishable by imprisonment of not more than 93 days or a fine of not more than \$1,000 or both. Further, and perhaps more importantly, an individual may bring a civil action and recover actual damages or \$1000 (whichever is greater) and attorney fees.

The privacy policy must be published in an employee handbook or similar document which may be made available electronically. Accordingly, employers will be required to update their employment manuals and policies.

We can assist you with developing a Privacy Policy or conduct an audit of all your company's policies and procedures to ensure compliance with this and other changing state and federal laws. Further, we can provide written supervisory training materials and on-site training programs to fully inform your management staff on important employment law issues. Please contact John Below at (313) 259-8587 or Heather Ptasznik at (313) 259-8596 to discuss your needs.

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