

MANAGING YOUR MONEY



New Overdraft Protection Rules Give You A Choice

(NAPSA)—New federal rules recently changed the way your bank handles overdrafts.

The new rules let you decide whether to opt in to overdraft protection for ATM and debit card transactions that exceed the balance of your bank account. Understanding the new rules helps you take charge of your finances, say experts at the Office of the Comptroller of the Currency. Overdrafts can have major costs, and while you might want protection, that protection isn't free and is often limited to a pre-set maximum amount.

Here are some things to consider about overdraft protection:

- Without overdraft protection, banks typically decline electronic transactions that exceed your balance. The good news—no overdraft fees. Checks that overdraw your account still incur fees.

- With most standard overdraft protection plans, banks cover overdrafts up to a limit and charge a fee, about \$20–35 per overdraft and maybe an additional fee if your account remains overdrawn. The penalties can add up quickly and can exceed the original transaction amount.

Under the new rules, banks must get your permission before enrolling you in overdraft protection for electronic transactions. If you don't give permission, you can't be charged a fee.

- If you do not opt in by August 15, 2010, ATM and debit card transactions that exceed your balance may be denied at the point of transaction. Even if you are not denied, you can't be charged a fee, but you will be liable for the full amount of the transaction.

- If your account is opened on or after July 1, 2010, the bank cannot



Overdraft protection covers transactions that exceed the balance of your bank account. Just remember that the protection has a price.

charge a fee for overdrafts unless you request overdraft protection.

- You can opt in or opt out of overdraft protection at any time.

- The new rules do not apply to checks or automatic bill payments. Banks may still automatically enroll you in standard overdraft protection for these services, and fees for bounced checks still apply.

Some banks offer a line of credit or will link your checking account to a savings account or credit card as alternatives to standard overdraft protection. These options can be cheaper than standard overdraft protection fees.

Of course, the best way to avoid overdraft fees is to never spend more than what is in your account. Keep track of your available balance. Be sure to allow ample time for checks to clear, and don't forget about automatic payments or deductions. Your deposits may not be processed immediately, and overdrafts may occur while deposits are pending.

For more information, visit www.HelpWithMyBank.gov.