

MANAGING YOUR MONEY



Protecting Yourself From Bounced Check Fees

(NAPSA)—Anyone can make a mistake and bounce a check but learning more about different ways to deal with the possibility could save you costly fees.

If you bounce a check, you may have to pay a bank fee and a returned check fee to whoever you wrote the check to. Bouncing checks can also hurt your credit standing with vendors.

The very best way to avoid costly fees is to keep track of how much money is in your checking account by checking your balance and keeping your check register up to date.

Experts at the Federal Reserve Board say it's a smart idea to pay special attention to electronic transactions and automatic bill payments.

Another way to protect yourself is to link your checking account to another bank account. That way if you make a mistake and bounce a check, the overdraft is transferred from the other account. You can link your checking account to a savings account, set up an overdraft line of credit with the bank or link your checking account to a credit card. With this last option you may be charged a cash advance fee.

Many banks (as well as savings and loans and credit unions) offer "courtesy overdraft-protection" or "bounce coverage" plans so that your checks don't bounce and your ATM and debit card transactions go through.

With these plans, however, you must pay an overdraft fee or a

Ways to cover overdrafts	Example of possible cost*
Good account management	\$0
Link to savings account	\$5 transfer fee
Overdraft line of credit	\$15 annual fee + 12% APR
Link to cash advance on credit card	\$3 cash-advance fee + 18% APR
Courtesy overdraft-protection plan	\$20 to \$30
Bounced check	\$40 to \$60 (\$20 to \$30 bank fee + \$20 to \$30 merchant fee)

*These costs are only examples. Ask your bank about its fees.

bounce coverage fee to the bank for each item. The advantage to this method is that you avoid the merchant's returned check fee and retain your good standing with whoever you wrote the check to. But remember:

- Avoid using these plans as short term loans. They are costly forms of credit.
- If you overdraw your account, get money back into your account as soon as possible—enough money to cover both the amount of your overdraft and any bank fees.
- Even if you have one of these plans, there is no guarantee that your bank will cover an overdraft.
- Good account management is the lowest-cost way to protect your hard-earned money. If you need overdraft protection every now and then, ask your bank about the choices and services that are right for you. Visit www.federalreserve.gov for more information.