

# Protecting Yourself from Overdraft and Bounced-Check Fees

## How do overdrafts and bounced checks happen?

When you...

- ◆ write a check
- ◆ withdraw money from an ATM
- ◆ use your debit card to make a purchase
- ◆ make an automatic bill payment or other electronic payment

...for more than the amount in your checking account, you will overdraw your account. Premier Community has the choice to either pay the amount or not. If we pay it even though you don't have the money in your account, you will be charged an "overdraft" fee. If we return your check without paying it, you will be charged a "bounced check" or "non-sufficient funds" fee. The person or company that you wrote the check to—for example, a store, your landlord, or the phone company—may charge you a "returned-check" fee *in addition* to the fee that we charge you.

## How can you avoid overdraft and bounced-check fees?

The best way to avoid overdraft and bounced-check fees is to manage your account so you don't overdraw it.

- ◆ Keep track of how much money you have in your checking account by keeping your check register up-to-date. Record all checks when you write them, and other transactions when you make them. And don't forget to subtract any fees.
- ◆ Pay special attention to electronic transactions. Record ATM withdrawals and fees, debit card purchases, and online payments.
- ◆ Don't forget about automatic bill payments you may have set up for utilities, insurance, or loan payments.
- ◆ Keep an eye on your account balance. Remember that some checks and automatic payments may not have cleared.
- ◆ Review your account statements each month. Between statements, call, check online or at an ATM to see which payments have cleared.

Sometimes mistakes happen. If you do overdraw your account, deposit money into the account as soon as possible to cover the overdraft amount, plus any fees and daily charges from us. Depositing money into your account can help you avoid additional overdrafts and fees.

## What is a "courtesy pay" or "overdraft protection" plan?

Premier Community, like other credit unions and banks, offers "courtesy pay" so your checks do not bounce and your ATM and debit card transactions go through. With these plans, you'll still pay an overdraft fee for each item. But you will avoid the merchant's returned check fee, and will stay in good standing with the people who provide you with goods and services.

## How much does Courtesy Pay cost?

Plans vary, but Premier Community charges a flat fee of \$30 for *each item* that we cover (account options may be available to waive some fees). We also set a dollar limit on the total amount that your account may be overdrawn at any one time (it varies by member). For example, we might cover overdrafts up to a total of \$500, *including* all the fees.

Example: Suppose you forgot that you had only \$15 in your account and wrote a check for \$25, used an ATM to get \$40 cash, and used your debit card to buy \$30 worth of groceries.

In these three transactions you've spent a total of \$95—and overdrawn your account by \$80 (\$95 - \$15 = \$80).

If you have Courtesy Pay, Premier Community may decide to cover all three transactions. And each of the overdrafts will trigger a \$30 fee. You will owe us the \$80 that you spent even though it wasn't in your account, plus the three overdraft fees (3 x \$30 = \$90). Therefore, you will owe us \$170 (\$80 + \$90).

## What are some other ways to cover overdrafts?

Premier Community has several other ways of covering overdrafts that may be less expensive. Ask us about these options before making your choice. You may be able to:

- ◆ Link your checking account to a savings account you have with us. If you overdraw your checking account, we can transfer funds from your savings account to your checking account. Ask us about transfer fees.
- ◆ Set up an overdraft line of credit with us. You need to apply for a "line of credit" just as you would apply for a regular loan. If you overdraw your account, Premier Community will lend you the funds by using your line of credit to cover each overdraft for a \$10 fee. You will pay interest on this loan, and there may be other fees. But the overall costs may be less than the costs for Courtesy Pay.

## What do you need to know about "courtesy pay" and "overdraft protection" plans?

- ◆ Avoid using these plans as short-term loans—they are costly forms of credit.
- ◆ If you overdraw your account, put money back into your account as soon as possible. Remember that you need to put enough money back into your account to cover both the amount of your overdraft and any fees.
- ◆ Even if you have one of these plans, there is no guarantee that Premier Community will cover your checks, ATM withdrawals, debit card and other electronic transactions that overdraw your account.
- ◆ Good account management is the lowest-cost way to protect your hard-earned money. If you need overdraft protection every now and then, ask Premier Community about other services that may be right for you.

## Consider these ways to cover your overdrafts:

Ways to cover your overdrafts	Example of possible cost for each overdraft*
Good account management	\$0
Link to savings account	\$0
Overdraft line of credit	\$10 transfer fee + ask for rate
Courtesy Pay	\$30
Bounced check	\$50 to \$60 (\$30 NSF fee + \$20 to \$30 merchant fee)

\* Rates and fees are subject to change without notice.

## What if you have a question about Courtesy Pay?

Contact Premier Community at 209-235-1100, email us at [info@premierccu.com](mailto:info@premierccu.com), or visit any Service Center.