

According to a 2012 Pew survey, nearly **one in five consumers had overdrawn** their bank account that year, and nearly 75 percent of these consumers incurred an overdraft fee because of it. Since 2010, consumers have needed to opt-in in to receive overdraft protection services from their financial institution. So, should you opt-in or opt-out of overdraft protection?

### What is Overdraft Protection?

Overdraft protection is a service offered by most financial institutions to their customers who have a checking account. This service prevents your debit card from being declined due to a lack of funds by temporarily allowing your account to be overdrawn and charging a fee for that allowance. The fee can be calculated based off of the amount overdrawn or how many times the zero-balance account is charged. For example, if you have \$25 in your checking account and make a \$30 purchase using your debit card, the \$30 charge will go through if you have overdraft protection, but you may see a fee of \$20-30 on your next statement.



### Why You Might Need It:

If you use your checking account and/or debit card for emergency purchases (such as unexpected car repairs or medical expenses) you should opt into your bank's overdraft protection so that you will be able to make those necessary purchases no matter what your current balance is. Overdraft protection can also prevent the embarrassment of having your card declined if you attempt to make a purchase that would cause you to have a negative balance. Consumers who do not use credit cards may also wish to opt in to an overdraft protection service simply for the peace of mind of being able to make emergency purchases even if their account has a low balance.

### Why You Might Not:

If you monitor your accounts regularly and aren't often in danger of overdrawing, you may not need an overdraft protection service. Or, your bank may offer a different type of service; some banks offer a type of overdraft protection product where they will automatically transfer up to a certain amount from your savings account to your checking account to cover a negative balance. Other banks offer cash reserve accounts that function as a line of credit or short-term loan.

The best advice for managing your checking account is to monitor your spending. Keep meticulous track of every purchase made with a check or debit card, as well as any automatic transfers that are scheduled throughout the month. You should check your balance daily, especially if you typically carry a low balance in your main spending account. If you're unsure which overdraft protection service is right for you, ask your banker to go over the options available to you.

### SNBT Has Options In The Event You Overdraw Your Account

No one likes to bounce a check. SNBT has overdraft programs available for emergencies. Much like a spare tire, overdraft services should be used accordingly – you wouldn't drive cross-country on a spare tire.

*For The Occasional Accounting Error, Let Our Overdraft Services Assist You.*

- **Ready Credit:** A convenience line of credit that transfers funds into your checking account. You are charged a small annual fee and you only pay interest on the funds actually used, which costs less than continual overdraft fees.
- **Overdraft Protection:** An option that transfers money from your savings account into your checking account. A small transaction fee is charged for each overdraft transfer, which costs less than an overdraft fee.
- **Overdraft Courtesy Coverage:** A service where we may cover your overdraft so you can avoid merchant fees from declined transactions or returned checks. An overdraft fee may apply for this discretionary service.

*Talk to a Personal Banker about your options, plus SNBT offers Personal Financial Consulting should you ever need help getting your finances in order.*