

Title:

Your Checking Account; Watch Those Expensive Overdraft Charges

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666

Summary:

This article is to inform consumers about overdraft bank fees

Keywords:

Overdraft fees, bank overdraft fees, online bill pay, bank of america overdraft fee

Article Body:

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Boca Raton, FL - Have you ever looked at your bank statement and felt like screaming at the top of your lungs? Do you feel like you are throwing money out the window? Many people including yours truly, have experienced this annoyance known as bank overdraft charges. Maybe you purchased an item for \$197.99 and you have \$197.85 in your checking account. Congratulations, you have mastered the art of bouncing a check! Most banks will charge you anywhere from \$30 - \$36, for being short 14 cents. This has probably affected almost all consumers at one time or another.

According to a recent National Public Radio (NPR) radio story by Chris Arnold, banks have always explored new ways to extract money from their customers. Almost all banks have adopted the policy of cashing your biggest checks/purchases such as mortgage or car payments first before your smaller checks/purchases. Here is a direct quote from a local bank's policy statement; policy " When processing withdrawals from your account, such as those made through checks, in-person withdrawals, Automated Teller Machines (ATM), point of sale (POS), or by any other electronic means, it is our policy to pay the largest item first.

Let us assume in one day you write three checks and use your ATM card once. Assuming you have \$500 in your account, check #1 is for \$25, check number #2 is for \$40, you use your ATM for \$22, and check #3 is for \$495. You have spent \$586. If the banks cashed these checks and ATM amount in the order they were written you would be charged one overdraft fee (\$30) for check #3 (\$495). Instead, the banks take it upon themselves to clear the largest check first. By

doing this you will be charged for three overdrafts (\$90). This also does not include the charges from the merchants (about \$25) charged to you for giving them a bad check. This is a very expensive day for you.

Beat the bank at their own game

Yes, it is very frustrating when banks charge you overdraft fees. Be smart and learn how to manage your funds for the month to avoid these charges. Most banks have a toll free number where you can access your account 24 hours a day. You will have the ability to check your balance and hear which checks have cleared. Take advantage of online banking. Most FDIC institutions have online banking centers on their websites. These services alert you when your bills are due and may help you in organizing your payments. Most of these online banking services will archive your purchases and bill payments. This can help you keep track of the bills you have paid and on which date. Also, if you have the possibility to use a direct deposit feature through your employer, take advantage of it. Getting your check wire transferred directly into your checking accounts can help tremendously. You know you will have money in your account at the same time every week. If you do not trust Internet banking, buy a calculator and use the old-fashioned checkbook. The most important part is to keep track of your expenditures so you will not overdraft again.

No Matter What I Do, I Still End Up With These Overdraft Fees

The good news is that most institutions have some kind of an overdraft protection plan. Overdraft protection is a service to help you prevent from exceeding your checking account balance with purchases. By being enrolled in overdraft protection, funds from a savings account, money market account or a line of credit can cover the amount of the transaction not covered by your checking. Most institutions offer this service free of charge for signing up, but charge you an average of \$10 every time the service is used. \$10 dollars is much better than \$30, don't you think? So if you are tired of acquiring overdraft charges and you have tried tracking your purchases, it may be a good idea to contact your institution to see what they have to offer in terms of overdraft protection.