



## Overdraft and Account Fees

*Minimize fees  
with the right  
options*

It is important to understand common bank deposit account fees, the options available, and ways you can minimize or avoid fees. When it comes to bank fees and charges, there are important things you should know, including the options you have when opening a deposit account. As a consumer, you have options. By knowing these options, you are empowered to choose an account that works best for you.

### **Deposit account fees**

Banks are required under Federal law to disclose any fees they charge in connection with a deposit account. Ask your bank, or any bank you are considering opening an account with, for the account opening disclosure and fee schedule. All deposit-related fees that your bank can charge must be listed in these documents. Common fees might include monthly maintenance or automated teller machine (ATM) withdrawal fees. For more on account disclosures, visit [FDIC Consumer News January 2021 Issue](#).

### *Overdraft fees*

Overdraft fees occur when you don't have enough money in your account to cover your transactions. The cost for overdraft fees varies by bank, but they may cost around \$35 per transaction. These fees can add up quickly and can have ripple effects that are costly. Some banks also may charge what are known as continuous overdraft fees, or daily overdraft fees. These are charges assessed every day the account remains overdrawn.

In general, for debit card transactions at ATMs or at merchants, consumers must opt-in, or agree up front, that the bank can charge you an overdraft fee for any debit card transaction that overdraws the account. If you don't opt-in, you can't be charged a fee. However, your bank may refuse your purchase if it will overdraw your account.

If you do opt-in for overdraft protection or coverage, then your bank may pay a debit card purchase or ATM transaction, even if the transaction overdraws your account. You will be charged any overdraft fees that are incurred as a result. The opt-in form should be provided by your bank with the other account opening disclosures. If you change your mind at any time after opting-in, you can still opt-out by contacting your bank.

If you have a separate savings account, you might think about linking your savings account to your checking account when your bank provides this option. If you overdraw your checking account, the bank can pull funds from your savings to cover the shortage, as long as you have enough funds available. Your bank may still charge you a fee for transferring the funds automatically, but it is typically less than an overdraft charge.

### *NSF fees*

While you have a choice to opt-in or opt-out of overdraft coverage for debit card transactions, you may not have a choice when it comes to using paper checks or other ways of making payments or purchases from your account. Keeping track of your account balance will help you avoid charges for overdrawing your account in those situations, and also if you choose to opt-in for debit card transactions. Banks are not required to obtain your opt-in for Non-Sufficient Fund (NSF) fees. If you write a check for more money than you have in your account without any overdraft coverage, the check will not be paid but you will still be charged an NSF fee.

Also, Automated Clearing House (ACH) transactions, such as your direct payment or bill pay services, may be declined if you do not have enough funds in your account and be subject to an NSF fee.

Banks typically charge a NSF fee for each transaction, and these fees too can be costly as they can have ripple effects similar to overdraft fees. It is your responsibility to stay current with the checks and transactions you have made from your bank account. Make sure to look at your bank statements and try to use online banking and alerts to help you keep track of your bank account transactions.

### *Monthly maintenance fees*

Banks can charge a monthly fee to maintain deposit accounts. These fees may be lower or waived in certain situations, such as when you have direct deposit, maintain a minimum balance, or make a certain number of transactions each month. You might consider a bank that allows you to avoid monthly maintenance fees by direct depositing your paycheck. Ask if other fees can be waived with direct deposit. Signing up for paperless statements and getting multiple products from one bank (instead of several banks) may be a way to eliminate some monthly maintenance fees.

### *Minimum balance fees*

Some accounts may have a minimum balance requirement to avoid a fee. If you are required to have a minimum balance in your account, be sure to maintain that balance to avoid fees. Ask if your bank offers low balance alerts to notify you, so that you don't unknowingly drop below the minimum balance requirement.

### *ATM fees*

Some banks charge for using ATMs not in their network. To avoid charges, use only the ATMs that are in your bank's network, or those that allow you to use your ATM or debit card for free. Also, ask if your bank reimburses you for using any ATMs outside its network. Some banks will do that for a certain number of transactions per year.

### **Finding the right bank account**

Comparison shop at a number of banks before you open an account. To help you choose an account based on what is important to you, use our checklist: [How to Pick a Bank Account](#). Choose the services you need and skip those that you don't, especially if they come with a price tag. Get a copy of the bank's deposit account disclosure and fee schedule, and read them carefully so you know the cost of the services you require. Choose the account that has the services you need at the lowest cost.

Today there are more transaction account options than ever before. Some banks offer customers the option of a 'checkless' checking account. These card-based accounts may offer consumers the ability to avoid overdraft charges completely.

There are also banks that offer accounts with low-fees, and no overdraft or NSF fees, such as Bank On certified accounts.

These accounts may also provide other free services such as ATM withdrawals. Find additional information on these low-fee bank accounts at [#GetBanked](#).

Banks offer many types of accounts and programs, so there is likely one that can meet your specific needs. Be sure to do comparison shopping, keep track of your spending, and know your options.

Once you open an account, it is always a good idea to keep track of the money in your account by writing down the money you spend or withdraw from your account. This will help you keep track of your spending and to stay within your budget.

Don't be afraid to call your bank and ask if they can waive fees you have incurred, especially if you have not had a lot of fees in the past. If your bank cannot waive specific fees, ask if the bank has a different account that does not have fees for the services you need. If not, and you find the fee to be costly, consider shopping around for an account at a different bank. After all, your account is the foundation of your banking relationship, and it needs to work for you.

### **Additional Resources**

[FDIC Money Smart Checking Account Checklist](#)

[FDIC Money Smart Podcasts - Open A Checking Account](#)

[FDIC How Money Smart Are You? Game on Bank Accounts: You Can Bank On It](#)

[Consumer Financial Protection Bureau \(CFPB\) New insights on bank overdraft fees and 4 ways to avoid them](#)

[CFPB Checklist for opening a bank or credit union account](#)

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