

## **New “Opt-In” Overdraft Protection Rules Impact Everyone**

Debit and ATM cards are a modern convenience it's hard to imagine living without. Once primarily limited in use to the occasional cash withdrawal, consumers now use debit cards (also known as check cards) numerous times each day, from their morning coffee to a gas tank fill-up to a shopping spree or online purchase.

This convenience makes it easier than ever to make purchases and payments, but it also makes it easier to cause overdrafts and incur fees associated with overdraft protection programs. Those fees have been on the minds of both consumers and regulators in recent years and, as a result, the Federal Reserve Board has announced **new rules** governing overdraft protection programs that go into effect July 1, 2010.

### **New Rule Details**

It's important to note that the new “Opt-In” rules apply only to ATM and everyday debit card transactions, such as retail purchases. The Opt-In rules do not apply to overdraft programs associated with checking accounts or recurring debit transactions, such as regularly scheduled bill payments. Under the new rules, if a member does not opt in, the credit union will now be prohibited by law from automatically providing that member overdraft protection.

### **Why Opt In?**

A question credit union members may have is, “Why should I opt in?” What's important to understand is that for those who do NOT opt-in, the new legislation restricts by default an important service program that members have relied on for years; *not* opting in could cause card transactions to be DENIED. Due to this legislation, many larger banks (rather than providing a choice) say they will do away with an overdraft protection program. Their customers who try to make purchases with their debit cards without enough money in their checking accounts will simply be denied, regardless of the circumstance or an emergency. At your credit union, member satisfaction and convenience are our motivating factors: this means **your** needs come first.

Simply put, overdraft programs are designed for consumer protection and convenience. The vast majority of consumers do not incur overdraft fees; however, overdrafts do occur. Without an overdraft protection program, consumers who attempt to make transactions without sufficient money in their accounts to cover the purchase could have their debit cards rejected by the retailer.

This can cause consumers embarrassment or financial hardship. **If you don't contact us, your everyday debit card transactions that overdraw your account will not be authorized after August 15, 2010 – even in an emergency.** Therefore, you should opt in to overdraft protection services to ensure that your credit union can continue providing the services and convenience you currently enjoy, and to avoid potential hardships in the event that overdrafts occur. You will continue to have the same level of Fraud Protection as now, including ID SafeChoice.

### **Ways to Avoid Overdraft Fees**

Managing your money and keeping track of your balances is the best way to avoid overdraft fees. Be fully informed about overdraft issues by remembering these three key tips:

- **Be Wary of Cash-Back.** Many retailers offer the convenience of cash back at the point of sale. However, some point-of-sale terminals do not warn consumers that the added amount will lead to an overdraft, making “cash-register withdrawals” a leading cause of overdrafts.
- **Be Aware of Holds.** Businesses may place a “hold” on an account that may be much larger than the amount actually spent, such as when you rent a car or check into a hotel. Additionally, holds can remain on an account for several days, leading consumers to overdraw accounts because those held funds are unavailable.
- **Use Online Tools.** Today more than ever, it's easier to keep track of account balances. Use the full array of online tools your credit union has to offer in order to keep current.

In short, be aware and informed in order to avoid overdrafts, and opt in to your credit union's overdraft protection program as a safeguard against card rejections. **We have the Opt-in or out authorization forms at all our credit union offices or you can call us, or email us at [Option@BeMyCU.org](mailto:Option@BeMyCU.org) to let us know which option you choose. Or if you prefer, you can simply print the form below and mail or drop it off. To keep your debit card working as it currently does, we need your authorization prior to July 1, 2010. If you make your option known to us by phone, please be prepared to provide your security code for positive identification.**

An overdraft occurs when you do not have enough money in your account to cover a transaction. The transaction can be a check, an electronic draft, a check card purchase, or even an ATM withdrawal. Your credit union offers overdraft protection plans that may be available for eligible checking accounts.

- You may choose to have transfers automatically made from savings to checking to cover overdrafts. If you choose automatic transfers from share account(s) and have enough money available to pay the overdraft, there are no fees charged for this service.
- In addition to (or instead of) automatic savings transfers, we offer a Courtesy Overdraft Plan that allows us to pay your qualified overdrafts up to a pre-approved limit. Each time we pay an overdraft under this plan, you are charged a \$28 Courtesy Pay fee. This applies to checks you write and electronic drafts you have authorized. We do not authorize and pay overdrafts for ATM or everyday check card transactions unless you ask us to (see below). The fee for this would be \$28, the same as for overdrawn checks.

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction.

If we do not authorize and pay an overdraft, your transaction will be declined. This means we must return the item to the merchant, person, or place who will likely charge you a fee.

**“What if I want Northeast Community Credit Union to authorize and pay overdrafts on my ATM and everyday check card transactions? “**

If you also want us to authorize and pay overdrafts on ATM and everyday check card transactions, call (423) 547-3820, email us at [Option@BeMyCU.org](mailto:Option@BeMyCU.org) (type the words ‘Opt-in’ on the subject line or in the body of the email), or complete the form below and either drop off at one of our offices or mail it to us at 980 Jason Witten Way, Elizabethton, TN, 37643.

**If we do not authorize and pay an overdraft, your transaction will be declined.**

**Option Form**

[Call us or email us using the information above, or print this & mail or deliver it to credit union]

\_\_\_\_ I do not want Northeast Community Credit Union to authorize and pay overdrafts on my ATM and everyday check card transactions.

\_\_\_\_ I want Northeast Community Credit Union to authorize and pay overdrafts on my ATM and everyday check card transactions.

Printed Name \_\_\_\_\_ Signature \_\_\_\_\_

Date \_\_\_\_\_ Email Address\* \_\_\_\_\_

List Every Checking Account Number This Choice Applies To \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

\*By providing your email address, it allows us to send your required Confirmation form electronically rather than through postal mail. Options are not effective until you receive your Confirmation form.

Your option can be changed at any time by providing us with a new Option Form. Changed options are effective when you receive written Confirmation from us.

For Credit Union Use Only: CU Emp \_\_\_\_\_ MIF Field# \_\_\_\_\_ Updated \_\_\_\_\_ Confirmation # \_\_\_\_\_  
Master Field Maintenance: Field # \_\_\_\_\_ changed to \_\_\_\_\_ on \_\_\_\_\_ by \_\_\_\_\_

