

## Overdraft Privilege Program

Kent County Credit Union offers several options to protect our members from the embarrassment of having their items returned unpaid when there is not enough money available in their checking account to cover transactions. One or all of the following options, including Courtesy Pay, may be selected and this could save you additional fees from the merchant.

- You can choose to have funds transferred from your savings account for a small fee. (*See our fee schedule.*)
- You can select to have funds provided by a Preferred Access Loan, a line-of-credit designed to provide additional checking account coverage. (*You must apply for a Preferred Access Loan.*)
- If you are eligible for **Courtesy Pay**, you may Opt-In for this type of Overdraft Privilege Service. Courtesy Pay allows the Credit Union to pay overdrafts for a fee (*see our fee schedule*) for the following transactions: check or e-check, automatic bill payments, in-branch withdrawals and ACH transactions. We DO NOT pay overdrafts for everyday debit card transactions and ATM transactions unless you ask us to do so. The Credit Union may pay and process transactions up to an authorized maximum per Checking Account for cumulative non-sufficient fund (NSF) items. We will charge a fee each time we pay an overdraft and there is no limit to the fees we can charge you for overdrawing your account.

## Understanding Your Account Balance for Overdrafts

Your checking account has two kinds of balances: the “actual” balance and the “available” balance. **We use your available balance when determining whether a transaction will cause your account to overdraw and for charging overdraft fees.** You can review both balances when you review your account online, at an ATM, by phone or at a branch.

Your **actual balance** is the amount of money that is actually in your account at any given time. It shows transactions that have “posted” to your account, but not transactions that have been authorized and are pending. While the term “actual” may sound as though the number you see is an up-to-date display of what is in your account that you can spend, that is not always the case. Any purchases, hold, fees, other charges or deposits made on your account that have not yet posted will not appear in your actual balance.

The **available balance** is the amount of money in your checking account that is available to you to use without incurring a transfer fee or Courtesy Pay fee. The available balance takes into consideration items such as holds placed on deposits and pending transactions (such as pending debit card purchases) that have been authorized but they have not yet posted to your account. Let’s say you have an actual balance of \$100 and an available balance of \$100. If you use your debit card to buy gas for \$25, that merchant could ask KCCU to pre-authorize the payment. We would put a “hold” on your account for \$25. Your actual balance would still be \$100 because the transaction has not yet posted but your available balance would be \$75 because you committed to pay \$25 for your gas. When the merchant

submits its bill for payment (which could be up to a few days later) we will post the transaction to your account and your actual balance will be reduced by \$25.

Remember, KCCU uses available balance to determine when your account is overdrawn. So, assume your actual and available balance are both \$100 and you buy gas with your debit card for \$25. A hold is placed on your account, so your available balance is really only \$75 but your actual balance shows \$100. Before the gas charge is sent to us for processing, a check you wrote for \$95 clears. Because you only have \$75 available (you committed \$25 to buy gas), your account will be overdrawn by \$20 even though your actual balance is \$100. In this situation, we may pay the \$95 check however; you will be charged a Courtesy Pay fee. The fee will also be deducted from your account reducing your balance even more.

It is important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction. The available balance may not show outstanding checks and automatic bill payments you have authorized or other outstanding transactions.

## **How Transactions are Posted to Your Account**

Essentially there are two types of transactions in your account: credit – deposits of money into your account and debits - payment out of your account. You should understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time.

**Credits:** Most deposits are added to your account when we receive them. Some checks you deposit may only have \$200 made available to you at the time of deposit with the remainder available two business days later. Other checks may have an extended hold. This means that your available balance may not reflect the most recent deposits to your account. Please refer to your Membership Agreement entitled “Funds Availability Policy.”

**Debits:** There are several types of debit transactions. The most common are described below. Please note that there are many ways in which transactions are presented for payment by merchants and we are not necessarily in control of when transactions are received.

- **Checks:** When you write a check, it is processed through the Federal Reserve System. We receive data files of cashed checks from the Federal Reserve each business day. The checks drawn on your account are compiled from these data files and paid each day.
- **ACH Payments:** We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include automatic bills you have authorized. Each day, ACH transactions for your account are presented first to post credits and then debits.
- **Point of Sale (POS) Debit Card Transactions:** These are debit card transactions where you use your PIN number at the time of the sale. They are similar to ATM withdrawals because money is

usually deducted from your account immediately at the time of the transaction. **Note:** some POS transactions are not presented for payment immediately depending on the merchant.

- **Signature Debit Card Transactions:** These are the transactions you make when you use your debit card to make a purchase and you do NOT enter your PIN but instead sign for the purchase. The merchant may seek prior authorization for the transaction and when that occurs, we usually place a temporary hold against the available funds in your account. This is called an authorization hold, or when you look at on-line banking it is referred to as "Funds on Hold"; these amounts will be subtracted from your balance as they are received by us. At some point after you sign, the transaction is processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after you signed for the item.

**NOTE:** the amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when the authorization request is submitted. An example of this is when your transaction at a restaurant is approved; a tip may not have been added. Other examples can include hotels, car rental companies, retailers, etc. where they may obtain authorization for up to 3 times the total estimated amount of your actual stay, rental or purchase.

This is a general description of how certain types of transactions are posted. These practices may change and we reserve the right to pay items in any order we choose as permitted by law.

We may receive multiple deposit and withdrawal transaction on your account in many different ways throughout the business day. This means that you may be charged more than one Courtesy Pay fee if we pay multiple transactions when your account is overdrawn.

**If you do not understand our Overdraft Privilege Program or Courtesy Pay,** please call us at (888 or 616)336-3490 or stop by one of our branches. You have the right to Opt-Out of Courtesy Pay by notifying us in writing or by visiting one of our branches.