



New York State Comptroller Thomas P. DiNapoli

Tips for Avoiding Overdraft Fees

1) Communicate! For joint accounts, many fees are triggered by a simple failure to communicate: one account holder doesn't tell the other about a purchase he or she is making. So make sure you talk before making purchases, especially for big ticket items.

2) Remember: you can overdraw a debit card. Many debit card users believe that purchases for more than what is in their accounts will simply be rejected. This is frequently not the case. That's why it is best to ask your bank to set the overdraft amount on your debit card to zero.

3) Link your checking account. To avoid overdraft fees, your bank may allow you to link your checking account to either a savings account or a credit card – but you need to be careful. Some banks impose a cash transfer fee to move money from savings to checking. Some treat credit transactions as a cash advance – which triggers its own fee and interest payments. So ask your bank about its policies before you link your account.

4) Buffer your account. This may come as a surprise: banks don't process your debits in the order you make them. In fact, most process them in order from highest dollar amount to lowest. On one hand, this could help bigger (more important) payments go through; on the other hand, it could lead to more overdraft fees for all of those small purchases. Avoid fees by keeping extra money in your account and keep it there.

5) Repay immediately. If you do overdraw your account, make sure you repay the amount you owe and the fees immediately. Many banks tack on additional (or even daily) fees until the balance is paid. Again, be sure to ask your bank to explain its policy so you can figure out how much you could owe.

6) Nothing beats good account management. Balancing your check book, recording your electronic transactions, remembering your automatic bill payments and reviewing your account statements are the best ways to avoid overdraft fees.



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