



Blue Water Federal Credit Union

Understanding Your Available Balance, Overdrafts, and NSF Fees

This document explains the “Available Balance” method Blue Water Federal Credit Union (BWFCU or ‘we’) uses to determine whether sufficient funds exist to cover transactions. To help prevent overdrafts, BWFCU automatically links accounts and/or lines of credit to cover shortfalls in your checking account. For ATM and one-time debit card transactions, NSF or overdraft fees may be assessed only if your available balance is insufficient and you have affirmatively opted in to overdraft coverage for these transaction types. Automatic transfers from linked accounts or lines of credit are considered a courtesy service and do not require separate opt-in.

What You Need to Know About Overdrafts and NSF Fees:

An overdraft occurs when the available balance in your account is not sufficient to cover a transaction. Your available balance is calculated based on the money "available" in your account, taking into account pending transactions and holds.

What charges will I incur if Blue Water Federal Credit Union returns an item which overdraw my account?

- We may charge you a fee (as described on our Fee Schedule) each time we return an ACH or share draft/check that overdraws your account.

ATM and One-Time Debit Card Transactions

When you use your debit card for ATM or one-time purchases, transactions may be authorized based on your available balance at the time of the transaction. However, the transaction may post to your account later, which could result in your available balance being lower when the transaction actually posts.

The Credit Union does not charge NSF or overdraft fees for ATM and one-time debit card transactions unless you have affirmatively opted in to this coverage. Courtesy transfers from linked accounts or lines of credit are automatic and do not incur fees.

Checking Account Balance Definitions

The following is important information regarding your Checking Account balance, how transactions are posted to your account, and when an NSF fee may be assessed. Please read these disclosures carefully. If you have any questions, please contact us.

Your Checking Account has two kinds of balances: the “**actual**” balance and the “**available**” balance. Both can be checked at an ATM, online, phone, or at the Blue Water FCU office. It is important to understand how the two balances work so that you know how much money is in your account at any given time.

“Actual” Balance Definition

Your ACTUAL balance is the amount of money that is actually in your account at any given time. It reflects 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, holds/pledges, fees, other charges, or deposits made on your account that have not yet posted will not appear in your actual balance. For example, if you have a \$100 actual balance, but you just wrote a check for \$60, your “actual” balance is \$100 but does not reflect the pending \$60 check transaction. So, at that point, you actually have \$100 but you have already spent \$60.

“Available” Balance Definition

Your AVAILABLE balance is the amount of money in your account that is available to you to use without incurring an NSF fee. The available balance takes into account things like holds/pledges placed on deposits and pending transactions (such as pending Debit Card purchases) that BWFCU has authorized but have not yet posted to your account. For example, assume that you have an actual balance of \$100 and an available balance of \$100. If you were to use your Debit Card at a restaurant to buy dinner at \$60, the merchant will ask BWFCU to pre-authorize the payment. In this case, we will put a “hold” on your account for \$60. Your actual balance will still be \$100 because the transaction has not yet posted, but your available balance will be \$40 because you have committed to paying the restaurant \$60. When the restaurant submits the 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 \$60.

The best practice is to monitor your account through online banking, mobile alerts, or by keeping a record of your transactions.



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Balance Used in Determining if Account is Overdrawn

Your AVAILABLE balance is the balance used to determine when your account is overdrawn. The following example illustrates how this works:

Again, assume your actual and available balance are both \$100 and you swipe your Debit Card at a restaurant for \$60. A hold is placed on your account, so your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to us for processing, a check that you wrote for \$75 clears. Because you have only \$40 available (you committed to pay the restaurant \$60), your account will be overdrawn by \$35, even though your actual balance is \$100. In this case, the check may be returned unpaid, and you may be charged an NSF fee. That fee will be deducted from your account, further reducing the balance. In limited, exception-based circumstances, the Credit Union may choose to pay the item.

It is very 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 that you make. This is because your available balance may not reflect all outstanding checks and automatic bill payments that you have authorized, or other outstanding transactions that have not been paid from your account. In addition, your available balance may not reflect all your Debit Card transactions. For example, if a merchant obtains your prior authorization but does not submit a one-time Debit Card transaction for payment within seventy-two (72) hours of authorization, we must release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released until the transaction has been reviewed by us and paid from your account.

How Transactions Are Posted to Your Account

There are basically two types of transactions in your account: “credits” or deposits of money into your account, and “debits” or payments out of your account. It is important to understand how each is applied to your account so that you know how much money to have and how much is available to you at any given time.

Point of Sale (POS) Debit Card Transactions – These are transactions where you use your Debit Card and you enter 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. However, some POS transactions are not presented for payment immediately; it depends on the merchant. POS items are paid in the order in which they are presented.

Signature Debit Card Transactions – These are transactions where you make a purchase with your Debit Card and you do not enter your PIN, but you are instead asked to sign for a purchase. As described previously, in these situations, the merchant may seek prior authorization for the transaction. When this happens, we generally place a temporary hold against the available funds in your account. We refer to this temporary hold as an “authorization hold,” and the amount of the authorization hold will be subtracted from your available balance as they are received by us through the day. At some point after you sign for the transaction, it is processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after you sign for it, depending on the merchant and its processing company.

ACH Payments – We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. Each day, ACH transactions for your account are presented first to post credits and then pay debits. Generally, we will receive multiple ACH presentment files each day.

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 day. The checks drawn on your account are compiled from these data files and paid each day. We process checks as they are presented to the account, which means they may not clear the account in numerical order.

Alternative Options

The Credit Union offers alternative loan options to help avoid NSF returns.

The following are examples of alternative options:

- **Overdraft/Checking Line of Credit** – used for the purpose of covering ACH, share drafts and, if opted in, ATM and one-time debit transactions.
- **Revolving Line of Credit** – you are granted a signature limit and can take advances up to the approved limit. Yearly reviews will be conducted for the purpose of continued credit worthiness. The loan cannot be advanced if account is overdrawn or any loan is past due, including VISA credit.
- **Signature Loan** – unsecured loan personal loan.