

WHAT YOU NEED TO KNOW ABOUT TRANSACTION LIMITATIONS

Why are my transactions limited?

A federal law, known as Regulation D, requires that all financial institutions, including your credit union, limit certain withdrawals from share/savings accounts. This law allows members to conduct up to six withdrawals from a share/savings account per month. Any withdrawals in excess of the six per month allowed force the credit union to take action on your account in one of the ways outlined below.

What types of accounts are limited by this law?

Regular share or savings accounts are subject to this law, as are money market accounts. Your checking account is not limited by this law, and you can make unlimited withdrawals from your checking account.

Which transactions count toward the six allowed?

The following combined transactions cannot exceed six per month (from savings or money market accounts):

- Checks or drafts made payable to third parties;
- Debit card purchases;
- Preauthorized or automatic transfers to a third party (including ACH transfers);
- Transfers initiated through online banking;
- Telephonic transfers (including calls to member service representatives or automated audio response programs);
- Transfers to other accounts at the credit union;
- Transfers to accounts at other financial institutions;
- Faxed requests for transfers; and
- Text message requests for transfers.

Which withdrawals are not subject to the law?

The following types of withdrawals or transfers are not limited by the law:

- Withdrawals made in person at a credit union branch;
- Withdrawals made at an Automated Teller Machine (ATM);
- Requests for withdrawals sent by mail to the credit union;
- Requests for withdrawals sent by messenger to the credit union;
- Telephone requests for withdrawals (if a check is mailed to the member);
- Payments to a loan account held at the same credit union.

What about loan payments that come out of my share/savings account?

If the loan is the same financial institution as the savings account, payments on the loan will not count toward the six-transaction limit. For example, if your mortgage payment is automatically deducted from your savings account each month, it would not count towards the six-transaction limit if both the mortgage and the savings account are at the same financial institution. However, a transfer from your savings account to your checking account is covered by the law and would count toward the six-transaction limit.

What happens if I exceed the six-transaction threshold?

Your credit union will need to take action on the account in order to prevent you from repeatedly exceeding the six-transaction limitation. These actions may include, but not be limited to:

- Sending letters or notices to you informing you that you have reached six transactions for the month;
- Rejecting transactions in excess of the six allowed transactions;
- Charging fees for transactions in excess of the six, if they are allowed;
- Limiting your ability to make transactions to third parties from the account (for example, debit card or online bill payment transactions;) and
- Closing the account if the transaction threshold is repeatedly surpassed.

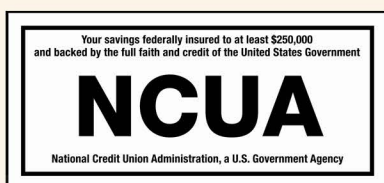
Your credit union may have specific measures it takes when members exceed the six-transaction threshold, so be sure to check with your credit union.

How can I conduct my transactions so as to avoid exceeding the threshold?

- Plan your budget and transactions in order to make one or two large withdrawals or transfers to cover your bills per month;
- Consider using your checking account to pay regular bills; and
- Choose transactions that are not limited by the law (for example, ATM withdrawals or in-person withdrawals).

Is this a new law?

No, the limitations on withdrawals from savings accounts have been in place since 1982. In 2009, the Federal Reserve Board relaxed the law to allow up to six transactions made via check, draft or debit card to be made from your savings account. Previously, only three transactions made via check, draft or debit card were allowed to be among the six transactions allowed. The total number of restricted withdrawals/transfers allowed remains at six.



Presented by the National Association of Federal Credit Unions, an independent trade association representing federally chartered credit unions nationwide.

©2011 National Association of Federal Credit Unions.

