

## EFFECTIVE JULY 1, 2010: New “Opt-In” Overdraft Protection Rules Impact Everyone

Debit and ATM cards are a modern convenience it's hard to imagine living without. Consumers now use debit cards numerous times each day, from their morning coffee to an afternoon gas tank fill-up to an online shopping spree.

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 on **July 1, 2010**.

### New Rule Details

These new rules require credit unions to obtain prior **“Opt-In” authorization** from members in order to charge fees associated with ATM and debit card overdraft protection programs. It's important to note that the **Opt-In rules apply only to ATM and “one-time” 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.

### Why Opt In?

“Why opt in?” This new legislation by default restricts an important service that members have relied on for years.

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

In creating the new rules, the Federal Reserve fully realized that if customers don't opt in, debit or ATM transactions that overdraw accounts may be denied, yet the legislation was created. This can cause consumers embarrassment.

Therefore, you should opt in to overdraft protection services to ensure that Orlando Federal Credit Union can continue providing the services and convenience you currently enjoy.

### 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 Account Services.** Today more than ever, it's easier to keep track of account balances. Use the full array of account services Orlando Federal Credit Union has to offer in order to keep current such as ATM Inquiries, Home Banking, Bill Payer (Online), E-Alerts, E-Statements, and Phone 1st.

In short, be aware and informed in order to avoid overdrafts, and **opt in to Orlando Federal Credit Union's overdraft protection program** as a safeguard against card rejections.

Under our standard overdraft practices, we will charge you a \$32 fee each time we pay an overdraft. There is no limit on the total fees that we can charge you for overdrawing your account. Members are responsible for bringing their account to a positive balance immediately, within no later than 20 days.

We do authorize and pay overdrafts for checks and other transactions made using your checking account number and automatic bill payments. We do not authorize and pay overdrafts for ATM transactions and everyday debit card transactions unless you ask us to. We pay overdrafts at our discretion and based on the overdraft protection that is set up on your account, 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.

**To “Opt-In,” please complete and sign the bottom of the attached form and select the option, “I want Orlando Federal Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions.” We will confirm that we received your decision to opt-in by sending you a copy of your completed Opt-In Notice.**

*As always, thank you for choosing Orlando Federal Credit Union for all of your financial needs.*