

# Federal Reserve Regulation D

**Regulation D restricts the use of preauthorized or electronic transfers and withdrawals from Savings accounts.**

**Savings Accounts** are allowed only six (6) outgoing transfers in a calendar month by means of:

- Preauthorized or automatic transfer from **savings**
- Preauthorized or automatic withdrawals from **savings**
- Automatic transfers to cover overdrafts from **savings**
- Telephone Transfer from **savings**
- On-line Banking Transfers from **savings**

## Summary

Regulation D requires that financial institutions classify each of the accounts held by an account holder as either a *time deposit* or a *transactional account*.

*Time deposits* include: **Savings, Club, and Certificate** and Money Market accounts.

*Transactional account\** include: Checking accounts

Regulation D requires that members not be permitted to perform more than six (6) preauthorized or automatic transfers or preauthorized withdrawals or telephone transfers from their *Time deposits (i.e. savings)* to checking or any other account or third party. No more than three (3) of the six (6) withdrawals or transfers may be performed using a check, debit card, point-of-sale terminal or similar method payable to a third party. In other words....According to the Federal Reserve Regulation D: Your **savings** should be used as a **savings** account. Not as a checking account or overdraft protection account. Solution: if you have more than six (6) preauthorized or automatic transfers or preauthorized withdrawals from your **savings**, just open a Checking account with us. (Checking accounts are unlimited transaction accounts.)

Good news: Members are permitted to make unlimited withdrawals or transfers from their **savings** account provided the transactions are done in person at the Credit Union, at an ATM, or requested by mail or messenger. Members are allowed unlimited transfers from **savings** to make loan payments at the same credit union.

How could Regulation D possibly affect you?

- For most members of Olive View FCU, Regulation D will have little or no effect on their account.
- For members who have a checking account and rely on automatic **savings** transfers to cover overdrafts, Regulation D will have a bigger impact. After the 6 calendar month transfer limit has been reached. Checks or pre-authorized debits may be returned and you will be charged a \$25.00 return fee or if the Credit Union honors the Checks or pre-authorized debits, you will be charged a \$25.00 over Reg D limit fee. Solution: Avoid automatic **savings** transfers to cover overdrafts by maintaining a balance in your Checking account that is sufficient enough to cover all transactions.
- For members who use their **savings** (not checking) for automatic payments, Regulation D may have an impact as stated above. What is the solution.... Just open a Checking Account.

To inquire how Regulation D may affect your account

Call **Olive View Federal Credit Union**

818.367.1057

\*(Accounts with unlimited withdrawals and transfers without penalty, do not require a specific minimum balance to maintain the account, and do not have a specified maturity day)