

# HOW WE PAY YOUR CHECKING ACCOUNT TRANSACTIONS



## OVERDRAFT OPTIONS FOR YOUR PAFCU CHECKING ACCOUNT

The best way to know how much money you have and avoid paying overdraft fees is to record and track all of your transactions closely. But mistakes happen...and that's why we offer several overdraft options to protect your checking account if you don't have funds available to cover an item presented for payment.

### OVERDRAFT PROTECTION TRANSFERS FROM SAVINGS\*

The first line of defense is setting up overdraft protection from your savings account. This method allows PAFCU to automatically transfer money from savings if your current checking account balance won't cover an ACH or check transaction.

### COURTESY PAY\*\*

If your overdraft protection options have been exhausted we may, at our discretion, pay overdrafts through our Courtesy Pay service. This means we may approve and pay an item over the amount available in your checking account instead of returning it for non-sufficient funds. Doing so will incur a \$30 fee, which is the same amount as the insufficient funds fee; however, you will avoid additional returned item fees from the merchant. In using this service, it is expected that you make a deposit as soon as possible to bring your account positive. Please refer to the Master Account Agreement & Disclosure for additional information about these overdraft options.



\*The savings account must have funds available to cover the transaction(s). Limit of six electronic transfers from savings per calendar month. Covers checks and ACH transactions. See Schedule of Fees.

\*\*Courtesy Pay may, at our discretion, pay checks and other transactions using your checking account number, automatic bill payments, ATM transactions and everyday debit card transactions.

### OVERDRAFT DISCLOSURE

This overdraft agreement & disclosure describes the circumstances with PAFCU will pay overdrafts in your checking account and charge you a fee. It also includes important information regarding your account balance, how transactions are posted to your account, and when an overdraft fee will be charged.

*You should read this document carefully and keep it with your Master Account Agreement & Disclosure and your other important account documents. If you have questions, please call our office at 804-748-3081 or visit a branch.*

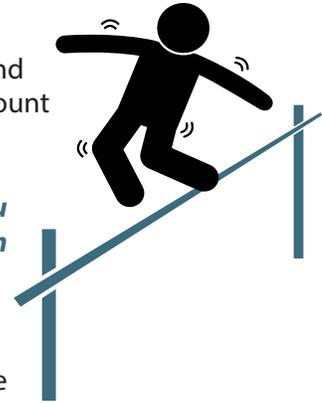
**“Overdraft”** means there are not enough available funds in your account to pay for a transaction. If we pay for an overdraft, we will charge a fee as described in our Schedule of Fees, which is updated periodically. Note that for one-time debit card transactions and ATM withdrawals, you must consent for transactions to be considered for payment through our Courtesy Pay service. Without your consent, we may not authorize and pay a one-time debit card transaction or ATM withdrawal that will result in insufficient available funds in your account.

## YOUR CHECKING ACCOUNT BALANCE

Your checking account has two types of balances: the **“actual” balance** and the **“available” balance**. Both can be checked when you review your account online or with our Member Service Agents in a branch.

**IMPORTANT:** *Understand how the two balances work so that you know how much money is in your account at any given time. This section explains actual and available balances and how they work.*

Your **actual balance** is the amount of money that is **actually** in your account at any given time, and appears “New Bal” on transaction receipts. In online banking, it shows as your **actual balance**. It reflects transactions that have “posted” to your account, but not transactions that have been authorized and are pending. While the term **“actual”** might seem to indicate the up-to-date, spendable amount in your account, that is not always the case. Any purchases, holds, fees, other charges or deposits made on your account that have not yet posted will not appear in your **actual balance**.



**EXAMPLE:** *Your ACTUAL BALANCE is \$50, and you just wrote a check for \$40, so your ACTUAL BALANCE is \$50, but does not reflect the pending check transactions. You ACTUALLY have \$50, but have already spent \$40.*

Your **available balance** is the amount of money in your account that is **available** to you to use without incurring an overdraft fee. The **available balance** accounts for holds placed on deposits and pending transactions (like debit card purchases) that have been authorized but have not yet posted to your account.



**EXAMPLE:** *You have an ACTUAL BALANCE of \$50, and an AVAILABLE BALANCE of \$50. If you buy lunch at a restaurant for \$20 using your debit card, the merchant could ask PAFCU to pre-authorize the payment. In that case, the credit union would put a \$20 “hold” on your account. Since the transaction has not yet posted, your ACTUAL BALANCE would still be \$50, but your AVAILABLE BALANCE would be \$30 because you have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later), PAFCU will post the transaction to your account and your ACTUAL BALANCE will be reduced by \$20.*

**Available balance** is used to determine when your account is overdrawn. The following example illustrates how this works:



*Again, your ACTUAL AND AVAILABLE BALANCES are both \$50. You swipe your debit card at a restaurant for \$20, and a hold is placed on your account, meaning your AVAILABLE BALANCE is \$30, but your ACTUAL BALANCE is still \$50 since the payment has not yet cleared. Meanwhile, a check you wrote for \$40 clears. Because you have only \$30 AVAILABLE (you committed to pay the restaurant \$20), your account will be overdrawn by \$10. In this case, PAFCU may pay the \$40 check, but you will be charged a courtesy pay fee of \$30. The fee will be deducted from your account, further reducing the balance.*

**IMPORTANT:** *In the example above, your outstanding check wouldn’t be reflected in your available balance until it was presented to us and paid from your account. Though your available balance shows sufficient funds, you could still overdraw your account because your available balance will not necessarily reflect pending payments of outstanding checks, automatic bill payments, or outstanding debit transactions.*

# HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT



There are generally two types of transactions in your account, known as credits and debits. It's important to understand how each is applied to your account to know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account:

## CREDITS

These are deposits of money into your account when we receive them. For some checks deposited, we may place a hold on the check for two (2) or more business days, meaning some or all of the funds will not be available at the time of deposit. In this scenario, your available balance may not reflect the most recent deposits to your account. If you have a *Fresh Start* checking account, all check deposits will be placed on a seven (7) business day hold.

## DEBITS

When you make a payment out of your account, it is known as a debit. There are many ways transactions are presented for payment by merchants, and the credit union is not necessarily in control of when transactions are received. Some types of debit transactions are as follows:

- **Checks** are processed through the Federal Reserve system. Each day, we receive data files of cashed checks from the Federal Reserve, and we compile and pay them from low to high dollar value.
- **ACH Payments**, or Automated Clearing House (ACH) transactions, are data files we receive every day from the Federal Reserve. Transactions for your account are grouped together and paid in the order received, and include automatic bill payments you have signed up for.
- **Point-of-Sale (POS) Debit Card Transactions** are transactions in which you use your debit card and enter your PIN during the transaction. They are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction. However, some merchants' POS transactions are not presented for payment immediately and posting may be delayed.
- **Signature Debit Card Transactions** are debit transactions in which you do not enter your PIN. You may be asked to sign for the purchase. As described above, the merchant may seek prior authorization for the transaction. As such, we generally place a temporary "authorization hold" against the available funds in your account, which will reduce your available balance. Authorizations are deducted from your available balance (but not your actual balance), as they are received by us throughout each day. PAFCU's payment of the transaction can happen hours or sometimes days after you have signed for it depending on the merchant and its processing company.

**PLEASE NOTE:** *The authorization hold may be a different amount than your payment amount if the merchant does not know the final transaction amount when submitting the authorization request (For example, if you tip your waiter, the tip amount will not be included in the amount on hold; gas stations, hotels, and other retail establishments may present similar scenarios in debit transactions). The amount a merchant asks us to authorize or when a merchant submits a transaction for payment is not in our control.*

*Practices may change, and we reserve the right to pay items in any order we choose as permitted by law. Throughout each business day, we may receive multiple deposit and withdrawal transactions on your account in many different forms, so you may be charged more than one fee if multiple transactions are paid while your account is overdrawn. The best way to know how much money you have and avoid paying overdraft fees is to record and track all of your transactions closely.*

