

Know Your
CHEQUING ACCOUNT

BROUGHT TO YOU BY



- IT'S A -
**MONEY
THING®**

Understanding
OVERDRAFT

An overdraft occurs when you spend more money than you have available in your chequing account, resulting in a negative balance

Most financial institutions offer overdraft protection, but relying on this service without fully understanding how it works can create a cycle of overdraft and NSF (non-sufficient funds) fees that's hard to break out of

OVERDRAFT SCENARIOS



ACCOUNT BALANCE IGNORANCE

*Not keeping track of
your account totals*



HOLD ON

*Making purchases
that place holds on
your account*



PROCESSING LIMITATIONS

*Spending money before a
paycheque has cleared*

OPTING IN TO OVERDRAFT PROTECTION

VS.

OPTING IN

Let's say that you're buying a brand-new gadget at the store. Your last paycheck hasn't cleared, so you're unaware that your current available balance is only \$150. The gadget costs \$160. You pull out your debit card and...





WITH OVERDRAFT PROTECTION

The transaction goes through

WITHOUT OVERDRAFT PROTECTION

Your card gets declined and the transaction does not go through



WITH OVERDRAFT PROTECTION

Depending on how your financial institution handles overdraft situations:

Funds are transferred from your savings account to cover the transaction

OR

Your account then becomes overdrawn, resulting in a negative balance



WITH OVERDRAFT PROTECTION

BENEFIT

You avoid the inconvenient situation of having your card declined





WITHOUT OVERDRAFT PROTECTION

BENEFIT

You avoid a negative balance and any potential NSF (non-sufficient funds) fees that go along with it





WITH OVERDRAFT PROTECTION

CONSIDERATIONS

You may be charged an overdraft fee

—

You may be charged an NSF (non-sufficient funds) fee for having a negative balance

You may also be charged a recurring fee until your balance is positive

—

If you frequently overdraw your account, you may be able to pay a monthly fee to reduce your total fee costs



WITHOUT OVERDRAFT PROTECTION

CONSIDERATIONS

**Having your card declined
can be inconvenient and
embarrassing**

—

**In emergency situations, it
can be extremely troubling**

DID YOU KNOW?

In Canada, overdraft protection is covered under negative option billing regulations—it cannot be added without your consent

HOW TO STAY AHEAD OF THE FEES



SET UP ALERTS

Most financial institutions will allow you to set up alerts that will inform you of your balance



BORROW BETTER

To protect yourself from the high costs of fees, consider taking out a credit card with a low interest rate for emergencies



BALANCE YOUR CHEQUEBOOK

This will give you a firm knowledge of how much money is in your chequing account

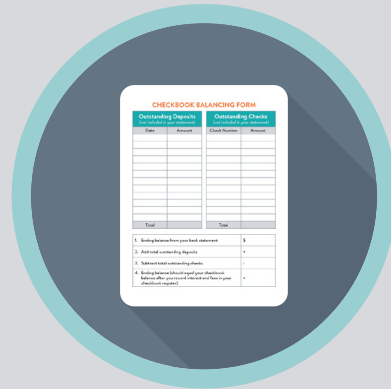
Balance Your
CHEQUEBOOK

BALANCE YOUR CHEQUEBOOK

WHAT YOU'LL NEED



Your most recent statement and/or cancelled cheques



A chequebook balancing form



Your chequebook register



A calculator and a pencil

STEP

1



RECONCILE YOUR CHEQUES

*Determine if there are
cheques that haven't
cleared your account*

STEP

2



RECONCILE YOUR DEPOSITS

Make sure each deposit shown on your statement is recorded in your chequebook register

STEP

3



RECONCILE YOUR ATM WITHDRAWALS AND DEBIT CARD PURCHASES

*Go through the same process
with your ATM withdrawals
and debit card purchases*

STEP

4



RECORD INTEREST EARNED AND FEES

*Check your statement
for any other fees and
record them in your
chequebook register*

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Sources: CreditCards.com, *Financial Post*, *Forbes*

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