



## Frequently Asked Questions | Non-Sufficient Funds

### 1. WHAT IS NON-SUFFICIENT FUNDS?

Non-sufficient funds (NSF), or insufficient funds, is the status of a checking account that does not have enough money to cover all transactions. NSF also describes the fee charged when a check is presented but cannot be covered by the balance in the account.

### 2. HOW DOES NSF WORK?

If there are not sufficient funds in your checking account when a transaction is presented for payment NSF fees are charged after the credit union rejects a transaction. When members don't have overdraft protection, they are likely to be charged an NSF fee when they write a check or make an electronic payment that they lack the funds to cover. Currently, the NSF fee is \$20. Westerra caps the number of NSF fees at three (3) per day, per checking account.

### 3. WHAT IS THE DIFFERENCE BETWEEN ACTUAL BALANCE AND AVAILABLE BALANCE?

Your checking account has two kinds of balances: the actual balance and the available balance. Both can be checked by reviewing your account online, at an ATM, by phone or at a branch. It is important to understand how the two balances work so that you know how much money is in your account at any given time.

Your actual balance is the amount of money that is actually in your account at any given time. It reflects transactions that have "posted" to your account, but not transactions that have been authorized and are pending. While the term "actual" may sound as though the number you see is an up-to-date display of what is in your account that you can spend, 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. For example:

If you have a \$50 actual balance, but you just wrote a check for \$40, then your actual balance is \$50 but it does not reflect the pending check transaction. So at that point, you actually have \$50, but you 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 takes into account things like holds placed on deposits and pending transactions (such as pending debit card purchases) that Westerra has authorized but that have not yet posted to your account. For example:

Assume you have an actual balance of \$50 and an available balance of \$50. If you were to use your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to pre-authorize the payment. In that case, we will put a "hold" on your account for \$20. Your actual balance would still be \$50 because this transaction has not yet posted, 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), we 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:

Assume your actual and available balances are both \$50, and you swipe your debit card at a restaurant for \$20. A hold is placed on your account, so your available balance is only \$30. Your actual balance is still \$50. Before the restaurant charge is sent to us for processing, a check that you wrote for \$40 clears. Because you have only \$30 available (you have committed to pay the restaurant \$20), your account will be overdrawn by \$10, even though your actual balance is \$50. In this case, we may pay the \$40 check, but you will be charged a Courtesy Pay fee. That fee will be deducted from your account, further reducing the balance.

It is very important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your available balance may not reflect all your outstanding checks and automatic bill payments that you have authorized, or other outstanding transactions that have not been paid from your account. In the example above, the outstanding check will not be reflected in your available balance until it is presented to us and paid from your account.

In addition, your available balance may not reflect all of your debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time debit card transaction for payment within two (2) calendar days of authorization, we must release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released until the transaction has been received by us and paid from your account.

#### **4. IF WESTERRA RECEIVES SEVERAL ITEMS ON THE SAME DAY FOR PAYMENT FROM MY CHECKING ACCOUNT, IN WHAT ORDER ARE THE TRANSACTIONS PAID?**

Transactions are paid in the chronological order they are received, regardless of the dollar amount or method of presentment for payment on the account. When checks are received in the same day, they are processed in check number order. When automated (ACH) transactions are received in the same day, deposits to your account are posted first, followed by payments. If the Courtesy Pay limit is exceeded, all subsequent items may be declined or returned unpaid to the merchant and you will be assessed a fee per returned item.

#### **5. HOW CAN I AVOID NSF FEES?**

You can choose to add Overdraft Protection and / or Courtesy Pay to a checking account. These optional protections are designed to prevent you from having a transaction rejected due to non-sufficient funds (NSF), saving you from awkward situations, as well as from any additional fees from a merchant or biller.

- Overdraft Protection does this by allowing funds to be **transferred from a previously designated account** (including any savings account or overdraft line of credit you have at Westerra) to pay an item. Overdraft Protection will prevent the account to be overdrawn (go into a negative balance) to pay an item.
- Courtesy Pay, on the other hand, is an optional courtesy service offered at the sole discretion of Westerra Credit Union, where if your account is in good standing, instead of returning the transaction to the merchant, Westerra Credit Union **may approve your**



**overdrafts within your current available Courtesy Pay limit for a per item fee.** You will then need to bring your account to a positive balance within 30 days.

## **6. WHAT HAPPENS WITH MY DEBIT CARD TRANSACTIONS IF I DO NOT ADD OVERDRAFT PROTECTION OR COURTESY PAY?**

If you do not opt-in to Courtesy Pay or Overdraft Protection for debit card transactions and there are not sufficient funds in your account to cover a transaction, the transaction is simply denied. You may also incur a fee from the merchant, such a late fee.

## **7. WHAT OTHER TOOLS ARE AVAILABLE AT WESTERRA TO HELP ME MONITOR MY ACCOUNTS AND AVOID FEES?**

- **Set Alerts in Online Banking** to let you know if your account reaches a certain high or low balance or if transactions over a certain amount take place on your account. Online Banking is free for all members.
- **Download the free [CardNav App](#)** to receive real-time notifications on your phone every time a transaction is made on your account. You can set spending limits, approved merchant locations and types of transactions—and you can turn your cards on or off instantly.
- **Use the free Westerra [Mobile Banking App](#)** to quickly and easily check your balances.
- **Record all your automated transactions, bill payments, online banking transfers, checks, debit card transactions, ATM withdrawals and other payments.** Be sure you are tracking your available balance, not just your actual balance.
- **Apply for an overdraft line of credit.**
- **Set up transfers from a savings account to cover overdrafts.** Westerra's standard practice is to link your checking account to your share/savings account to transfer funds. If you would like to link a Money Market Account or other savings account to your checking account, please inquire at any branch or call us at 303-321-4209.

## **8. IF I WRITE A CHECK TO SOMEONE AND THEY BRING IT TO WESTERRA TO CASH, AND THERE ARE NOT SUFFICIENT FUNDS IN MY ACCOUNT, WILL AN NSF FEE BE CHARGED?**

If you do not have any form of overdraft protection or Courtesy Pay then an NSF fee will be charged. At our discretion, accounts with Courtesy Pay may allow the check to be cashed and you will be assessed a \$20 Courtesy Pay fee. This is identical to how the check would be treated if it were presented through the normal banking channels. If the check is written by a Westerra member to a Westerra member, we will refer the presenter back to the issuer of the check. No fee is charged as the check will not be negotiated so the account will not be overdrawn.