Regulation D and how it affects you.

What is Regulation D?

The Federal Reserve requires financial institutions to treat a savings account differently than a checking account. Savings accounts are intended to be established for long-term savings with few withdrawals.

Regulation D impacts the number of transactions allowed on savings or money market accounts, which are not intended to be transaction accounts.

- Regulation D applies to all financial institutions.
- Regulation D places a limit on the number of transactions you may make from your savings accounts and money market accounts during each statement cycle.
- Checking accounts are deemed to be “transaction accounts” and have no such transfer or withdrawal limitations.

During any statement cycle, you may not make more than six (6) withdrawals or transfers from a savings or money market account to another bank account of yours or to a third party by means of a preauthorized or automatic transfer, telephone transfer, online banking transfer or similar transaction.

Transactions subject to this regulation include:

- Transfers using Online Banking
- Telephone transfers (MEL) including Automated Phone Banking Service and those initiated by phone call, fax or email through a bank representative
- Overdraft Protection transfers
- Preauthorized, automatic, scheduled or recurring transfers (ACH transactions)
- Transfers to third parties by check, draft or similar order

What transactions are not affected by Regulation D?

- ATM transfers
- Automatic transfers made to LCU loans
- Transfers made in person at a branch
- Transactions sent in by mail
- Night Deposit transactions
- Credits or transfers of any type <u>into</u> the account

Excessive Transactions:

For members who continue to exceed the limit after they have been notified by LCU, the account will be converted to a *transactional savings account* that will be assessed a $10 service charge per statement cycle and may result in a **lower interest rate** in order to be exempt from Regulation D restrictions.

Leominster Credit Union

This document is a quick reference guide for limitations on withdrawals and transfers for both savings and money market deposit accounts (MMDAs).

EXCESS TRANSACTIONS

Transfers and Withdrawals:		Transfers Only:
To: Another Account (Another account by the **<u>same</u>** depositor at the **<u>same</u>** Bank)	**To: Third Party** (Third Party **OR** a member's account at **<u>another</u>** Bank)	**TRANSFER** To: Third Party (Third Party **OR** a member's account at **<u>another</u>** Bank)
If made by: ▪ Automatic transfer ▪ Internet Banking transfer ▪ Telephone transfer (includes fax) ▪ Preauthorized transfer	**If made by:** ▪ Automatic transfer ▪ Internet Banking transfer ▪ Telephone transfer (includes fax) ▪ Preauthorized transfer	**If made by:** ▪ Check ▪ Debit Card ▪ Draft ▪ Similar order initiated by depositor to Third Parties

PERMISSIBLE TRANSACTIONS

Transfers:			Withdrawals:	
Transfers for the purpose of repaying loans at the same bank.	Transfers to another account of the depositor at the same bank if made by: ▪ ATM; ▪ Mail; ▪ Messenger; or ▪ In person	No limit on the number of deposits made <u>into</u> the savings or Money Market account by any method.	Withdrawals from the savings or Money Market account if made by: ▪ ATM; ▪ Mail; ▪ Messenger; or ▪ In person	Withdrawals from savings or Money Market account by telephone by the account holder to have a check made payable to the account holder and mailed to him / her.

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