

## Regulation D: Savings Account and Money Market Transaction Limitations

**Effective July 2, 2009**

**The Federal Reserve has revised Regulation D making the Savings and Money Market Deposit Account withdrawal/transfer limitation easier to understand.**

Federal regulations require banks to limit the way withdrawals may be made from a Savings or Money Market Deposit Account. Withdrawals in excess of these limits may result in a fee or account closure.

Customers sometimes wonder why bank accounts have different terms or pay different interest rates. One of the reasons is Regulation D:

- Regulation D applies to all financial institutions.
- It imposes uniform reserve requirements on transaction accounts or non-personal time deposits, defines such deposits, and requires reports to the Federal Reserve.
- The regulation establishes operating parameters for each account category, such as transaction accounts (Demand Deposit or Checking Accounts) and non-transaction Savings Accounts. For instance, this regulation currently prohibits the payment of interest on Business Checking Accounts.
- Regulation D also places limits on the type and number of withdrawals that can be made from certain non-transaction accounts, such as Savings and Money Market Deposit Accounts.
- Checking Accounts are deemed to be "transaction accounts," and have no such transfer or withdrawal limitations.

### What accounts does Regulation D affect and how?

**Savings Accounts and Money Market Deposit Accounts:** During any month, you may not make more than six (6) withdrawals/transfers to another bank account of yours or to a third party by means of a pre-authorized, Automatic Funds Transfer (AFT), by Automated Phone Teller or by phone through a Bank representative, whether initiated by check, draft, debit card, if applicable, or similar order to a third party. This includes Internet Banking account transfers and bill payments.

**To help understand these Regulation D savings account transaction limitations, and to avoid excess activity charges, please review the following information:**

#### **Non-Limited Transactions:** (see Excessive Transactions for details)

- Deposits
- ATM cash withdrawals and transfers (subject to the daily amount limits and sufficient available funds)
- Withdrawals made in person, by mail, or by messenger at the branch
- Transfers made in person at the branch
- AFTs to repay your loan

#### **Limited Transactions:** (could result in possible account change or closure)

- Checks, Point-Of-Sale (POS) transactions, or debit card purchases
- AFTs to another deposit account at the bank
- AFTs to a third party or another institution
- Telephone transfers, including Automated Phone Teller and those initiated by fax, e-mail or by phone through a Bank representative
- Internet Banking transfers and Bill Payments

In order to ensure that no more than the permitted numbers of withdrawals or transfers are made, Regulation D requires that depository institutions take steps to prevent excessive transactions.

## **Excessive Transactions**

**Savings Account:** If you exceed six (6) monthly "third-party" withdrawals/transfers three (3) times in a twelve month period, the regulation requires the use of the Savings Account be *terminated*. You may visit any of our branches and change the Savings account to a non-interest bearing account, or alternatively, the bank must close the Savings Account.

In addition to Regulation D requirements, the bank charges a fee for any withdrawal/transfer in excess of six (6) per Savings Account quarterly (*three calendar months*) statement period.

**Money Market Account:** If you exceed six (6) "third-party" withdrawals/transfers in a statement cycle, the regulation requires the use of the Money Market Deposit Account be *terminated* and funds moved to non-bearing interest Checking Account that the depositor is eligible to maintain.

In addition to Regulation D requirements, the bank charges a fee for any Limited Transaction withdrawal/transfer in excess of six (6) per Money Market Deposit Account statement period.

**FDIC Insured** - Your deposits are now federally insured to at least \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC), and your retirement funds on deposit at Citizens Union Bank are separately insured by the FDIC up to an additional \$250,000.