

Don't Be Nickeled-and-Dimed by Account Fees

Interest rates on deposit accounts, such as savings accounts, interest-bearing checking accounts, and money market accounts have been persistently low, and rates aren't likely to improve any time soon. To make matters worse, financial institutions are under pressure to raise account fees, as they look to recapture some of the revenue lost in the wake of stricter financial regulations. The result is that some account holders now earn less interest on their money than they pay in account fees.

Though it's hard to find attractive interest rates, it's relatively easy to save on account fees if you're willing to do your homework. Start by reviewing your account statements to determine your spending and saving habits. What average account balance do you generally maintain? Do you pay monthly account maintenance or service fees? How many ATM transactions do you have in a month? Are you overdrawing your account? Once you know your financial habits, you'll be ready to take steps to reduce account fees.

If you pay account maintenance fees

An account maintenance or service fee is a common monthly service charge that applies to some accounts. Financial institutions offer a variety of products, each with their own fee structure. Often, higher maintenance or service fees may apply to accounts that pay higher interest rates. To help avoid these fees:

- Shop around, and compare your options--not all banks and credit unions charge maintenance fees.
- Make sure you understand and follow account requirements. For example, monthly maintenance fees may be reduced or waived if you sign up for direct deposit or online bill pay, maintain another account, or tie your account to a loan or mortgage.
- Read your account statements and notices you get from your financial institution. Otherwise, months may go by before you notice that fees have gone up or account requirements have changed.
- Reevaluate your needs regularly. They change over time, and you may want to switch your money to another type of account, or even find another bank or credit union that better suits your needs.

If you frequently use ATMs

Withdrawing money from an ATM is so quick, it's easy to overlook how much it's costing you. Fees for ATM transactions generally range from \$2 to \$5, and may be higher. One way to minimize these fees is to choose a financial institution that owns many local ATMs, but that isn't your only option. To help reduce ATM costs:

- Ask for a list of surcharge-free ATMs. Many financial institutions participate in networks that enable account holders to withdraw cash from designated ATMs

without paying a surcharge. You can also download an application to your mobile device to help you find surcharge-free ATMs anywhere in the country.

- Plan your spending. Withdrawing larger amounts when possible (at least enough to last for a week) will substantially reduce the number of ATM transactions you have.
- Look for a bank or credit union that rebates ATM fees imposed by ATMs owned by other financial institutions (limits may apply).
- Opt for cash back when you use your debit card (a minimum or maximum amount may apply). This is often a free or low-cost alternative to going to the ATM.

If you tend to overdraw your account

Overdrafts are common--a 2009 study by the nonprofit Center for Responsible Lending found that over 50 million Americans overdrew their checking account over a 12-month period. To help reduce or eliminate overdrafts:

- Look into online banking. Being able to track your account history whenever you want can help you avoid overdraft fees. You'll also be able to quickly transfer funds among accounts, should the need arise.
- Sign up to receive transaction or low balance alerts via your mobile device or computer.
- Link your savings account to your checking account so that money will be automatically taken out of your savings account should you overdraw your checking account (typically, little or no fee is charged).

The bottom line

Often, people choose a bank or credit union based on convenience--the location of branches, easy access to ATMs, and hours of service. Convenience is important, but so is cost. And you don't have to settle--there are plenty of banks and credit unions across the country that offer great products and excellent service, without hitting you too hard in the pocketbook.

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