

## FREQUENTLY ASKED QUESTIONS REGARDING REG D

1. **Why do you have to follow REG D?** We are required by the Federal Reserve Bank to follow REG D.
2. **What is REG D?** REG D is a regulation enforced by the Federal Reserve Bank to prevent financial institutions from structuring funds in an effort to avoid reserve requirements on transaction accounts.
3. **How does this affect me?** REG D allows you to only transact on your SAVINGS accounts a total of 6 times in one month.
4. **What do you mean by transact?** You can deposit as much as you want in your SAVINGS accounts; however, you may only have 6 electronic withdraws from your SAVINGS accounts for one month.
5. **What counts as electronic withdraws?**
  - Automatic deductions (AAA Insurance, Paypal, etc)
  - Online home banking transfers out of a savings account to another share account or a loan (for a loan payment)
  - Tele branch transfers out of a savings account to another share account or a loan (for a loan payment)
  - ATM transfers out of a savings account to another share account or a loan (for a loan payment)
  - Automatic overdrafting from a savings account to your checking account to cover any checking account transaction (check, debit card purchase, ACH Item, Loan payment, Bill Pay, etc)
  - Calling a branch and asking a member service representative to transfer funds from your savings account to another share account or a loan (for a loan payment)
6. **What doesn't count as a REG D transaction on my savings accounts?** A face to face transfer done with one of our tellers in person.
7. **How can I avoid coming in all the time to transfer funds?** You can keep your funds that you intend on spending for transactions in your checking account. Your checking account is an UNLIMITED transaction account that is not governed by REG D. Only keep the funds in your savings accounts that you intend to save.
8. **If I leave the funds in my savings account and I have reached my 6 transactions, will I be covered by courtesy pay?** NO. Courtesy pay is only utilized on checking accounts. There is NO courtesy pay on savings accounts.
9. **If I have the funds in my checking account, and I have reached my 6 REG D transactions, will it automatically pull the money from my checking account to cover this transaction?** NO. Savings accounts do NOT have automatic over drafting features. Only our checking accounts have automatic over drafting.
10. **What happens to the transaction if I have reached 6 REG D transactions and a 7th item tries to be deducted from my savings?** If it is an ACH transaction, it will be RETURNED UNPAID with the description of: REG D transfers exceeded. If you are trying to transfer funds using Net Branch, TeleBranch, or the ATM, it will not allow you to do it.
11. **How will this affect my debit card transactions?** If you have reached your 6 REG D transactions in your savings account, and you have no funds in your checking account (but you have funds in your savings account) and you are trying to make a purchase with your debit card, it WILL NOT AUTHORIZE your purchase. The system can not automatically transfer the funds to cover the purchase (because you have exceeded the 6 REG D transactions), so it won't consider those funds when determining if you have the funds to authorize that purchase.
12. **Do I have 6 transfers out of EACH savings account?** No, the system counts transactions out of your S1 and S50-S59's cumulatively. So if you have your AAA insurance out of your S50 and 5 Paypal transactions out of your S58, that is your 6 for the month. If your car payment tries to come out of your S1 (after these have occurred), it would be returned UNPAID: REG D transfers exceeded.
13. **When does this take effect?** August 1, 2008
14. **Will the credit union help me rectify any issues that come up with REG D?** For the 1st month (August 2008), if your account attempts to exceed 6 REG D transactions, and the 7th and any after are ACH transactions (automatic deductions, bill payments) we will manually post those for you and send you a letter reminding you that your account is not allowed to go over 6 so that you can set your accounts up correctly so that no payments will be returned. Beginning September 1, 2008, we will NOT manually post any transactions, and we will be enforcing REG D as required.
15. **What do you suggest as my best course of action to prevent any items from being returned?** The best solution is to have all of your auto payments and transfers set up to transfer out of your checking account since there are NO limits to the amount of transactions that you can perform. We would also suggest having direct deposits go in to your checking account. We can then set up distributions so that any money you would like in your savings account will automatically transfer there when you receive your direct deposit. For example, you could have your entire paycheck of \$300 deposited in your checking account. Then, we could set it up so that \$50 goes to your savings and \$10 goes into your Christmas club account, and you won't have to worry about manually transferring and you won't have to worry about the 2 transfers affecting REG D. We can set distributions so that they transfer to ANY account you have with our credit union.