

Avoiding Fees

You'd never toss \$35 down on the street and walk away, but every time you make a late credit card payment, overdraw your bank account with a debit card, or bounce a check, you'll be charged that much or even more.

Cutting Banking Fees

A bank should be a place to save your money, not to lose it. Here are some tips to avoid banking fees:

- If moving to a new town and changing banks, make sure your new bank has ATM machines conveniently located near your work or school. Otherwise, you could be charged a fee for simply withdrawing cash.
- If setting up a new account, estimate how often you'll write checks and how often you'll use your debit card. Choose an account that meets your needs but avoids excessive transaction fees.
- Some banks or credit unions offer free basic checking accounts while others offer a free account if you maintain a minimum balance. If you can avoid a monthly account fee, you could save an average of over \$100 per year.
- Avoid bouncing checks or exceeding your account balance when using a debit card. Fees could be between \$30 and \$50.
- Explore whether your bank reduces monthly fees with direct deposit or automatic transfers.
- If you will frequently be near a zero checking account balance, explore options to help you avoid overdraft fees including automatically transferring money from a savings account.
- Beware of "courtesy overdraft protection" in which you are charged a per transaction fee if you overdraw your account when using a debit card. You can opt-out of this service.

Cutting Credit Card Fees

With credit cards, interest on your purchases is only part of the equation - late payment fees, annual fees, and cash advance fees cost you money too. Here are the best ways to avoid unnecessary credit card expenses:

- Automate monthly payments with an automatic bank draft that covers the minimum balance. This will avoid late payment fees and possible interest rate increases because of late payments. Just make sure you pay more than the minimum each month – otherwise it could take decades to pay off your balance.
- Don't fall for "no payment due" – if you have a balance, pay as much as you can each month to save on interest charges.
- Consider using only one card. It's easier to miss a payment and to acquire more debt with multiple cards.
- If your card's interest rate is high, call them and say you are considering cancelling your account because of the interest rate. Companies will often lower your rate on the spot.
- If you're charged a late fee, call the company and ask that it be removed. If your payments are typically on time, it often works.
- Use cash advances only in emergencies. You are charged fees and receive no grace period on the interest.
- Think twice before accepting "credit protection" or "ID theft protection" plans. These services could cost more than \$150 per year and are unnecessary for most people. The best way to protect your credit is to check all of your credit reports each year at the free www.annualcreditreport.com Web site.

Standard and penalty fees can add up to hundreds of dollars per year. Use your accounts as intended and pay bills on time. Then comparison shop to find the lowest fees for the financial services you need.