

MONETARY CONTROL (REGULATION D) DISCLOSURE

(Rev. Nov. 6, 2008)

The Federal Reserve Board (FRB) has mandated through Regulation D certain rules that control and define transactions, in order to assist them with control of monetary policy. Reg D affects all financial institutions. It defines the characteristics of deposit (savings and money market) accounts and transaction (checking) accounts. That regulation requires the credit union to limit certain types of savings account transactions to no more than six a month. If we allow our members to exceed those limitations, then the account (savings or money market) would be treated as a transaction (checking) account, which would incur severe penalties.

Rather than: (1) “preventing withdrawals or transfers that would exceed the transfer limitations”, we have elected to (2) “adopt procedures to monitor those transfers after the fact, and contact those members who exceed the transfer limitations. If the practice continues on more than an occasional basis, the credit union must close the account or take away the member’s transfer capabilities.” When the transfer limitation is exceeded, an Excessive Transaction fee will be assessed (refer to the current Fee Schedule).

The most important use of the definition of savings deposits is to differentiate them from transaction accounts. A savings deposit becomes a transaction account if the credit union permits more than six preauthorized*, automatic, or electronic transfers (including transfers through online banking and telephone teller systems) per month to another account of the member or to a third party. Of those six transfers, up to three may be by check to a third party or through a debit card.

*A “preauthorized transfer” includes any arrangement by us to pay a third party from your account upon written or oral instruction (including an order received through an automated clearing house (ACH) or any arrangement by us to pay a third party from your account at a predetermined time or on a fixed schedule.

The following transfers or withdrawals **do not** count toward the six-transfer limitation imposed on savings accounts and money market accounts:

- Transfers for the purpose of repaying **loans** at this credit union.
- Withdrawals or transfers among the member’s accounts, when made (1) **in person** at one of our branches or a shared branch location, (2) at an **ATM**; (3) by **mail or night drop**; or (4) by **messenger**.
- Withdrawals made by telephone instruction that result in a check being mailed to the member.

Five strategies that may help you manage savings withdrawal and transfer limits under Reg D:

- Do not authorize anyone to make an ACH withdrawal from your savings account; instead set up the withdrawal from your **checking** account which has **unlimited** ACH withdrawals.
- Set up a DFFCU **Overdraft (Line of Credit) Loan** as your primary overdraft source. Transfers from your Overdraft Loan are not regulated. Transfers from your savings account to repay your loan are also not regulated.
- **Balance** your checking account periodically. This will help limit the number of overdraft transfers from your savings account.
- Plan ahead to do one of the following: 1) **stop by**, or 2) **mail** us your request to make transfers. (These two types of transfers are unlimited.)
- Plan ahead and make one larger transfer of several small transfers. Each regulated transfer counts as one transaction, no matter what the size.

If you need more information about federally regulated savings withdrawal and transfer limits, call Deseret First Federal Credit Union at **801-456-7000**.