

Avoiding Fees

Try and avoid fees that will contribute to debt.

Banking and Debit Cards:

- Some institutions offer free basic checking accounts or free accounts if you maintain a certain minimum balance. Avoiding monthly account fees quickly adds up.
- Educate yourself about additional charges, and print out a monthly statement from the bank.
- If you will often be near emptying your checking account, inquire about automatically transferring funds from a savings account or establishing a small line of credit.
- Courtesy overdraft protection
 - Often there is a \$30 charge for each check or debit card use that is “over drafted.”
 - You can opt out of this at every banking institution.
- ATM fees
 - \$2–\$3.50 additional charge for using an ATM machine
- Check-writing fees
- Monthly service charges
 - Can result in \$3–\$12 of additional charges at some banking institutions
- Debit card replacement card fees also exist as a means to apply fees for loss or theft.

Credit Card:

- Pay the maximum you can each month to avoid increased interest charges.
- If you have a high interest rate, call your credit card company and tell them you are considering dropping the card due to the costs—they will often lower your interest rate.
- If you typically on time paying your credit card bill, you can often call them in the case of a late fee and they will cancel the charge.
- Overdraft protection fees exist when a person spends more than the limit.
- Provide you with automatic fraud protection, meaning you have limited liability in the case that your card is stolen.

Avoidance strategies:

- Use cash instead of credit or debit cards to avoid potential overdraft fees.
- Link checking account to savings account, or adding a line of credit.
 - By linking a checking account to a savings account or credit card, a person can have protection from being charged overdraft fees. In this situation, a person who overdrafts a checking account will be able to have the extra money in a savings account or credit card make up the difference of the excessive withdrawal instead of activating an overdraft fee.