

## **Debit Card Holds**

### **Account Actual Balance VS. Available Balance**

When paying an item, Outreach Federal Credit Union uses an account's **available balance**.

A checking account has two kinds of balances: the "actual" balance and the "available" balance. We use your **available balance** when determining whether a transaction will cause your account to overdraw and for charging overdraft fees.

The **actual balance** is the amount of money that is actually in your account at any given time. The **actual balance** reflects transactions that have posted to your account but it does not include transactions that have been authorized but are pending.

The **available balance** is the amount of money in your account that is available to you without incurring an overdraft fee. The **available balance** takes into account holds that have been placed on deposits and pending transactions (such as pending debit card transactions) that have been authorized but have not yet posted to the account.

Example of Overdraft Fee for Insufficient Available Balance:

If the **actual balance** and **available balance** are both \$100 and you swipe your debit card at a restaurant for \$35, a hold is placed on your account and the **available balance** will be reduced to \$65. The **actual balance** is still \$100 because the transaction has not yet posted to the account. If a check that you had previously written for \$75 clears through the account before the restaurant charge is sent to us for processing, you will then incur an overdraft fee. This is because the **available balance** was \$65 when the \$75 check was paid. In this case, we may pay the \$75 check and charge an overdraft fee. The overdraft fee will also be deducted from the account, further reducing the **available balance**.

What is a debit card authorization hold?

When you use your debit card to make a signature or "credit" transaction (your PIN is not used), the Merchant sends us the amount, usually the purchase total, for authorization. This amount is placed on hold and removed from your available balance immediately. The hold helps determine the **available balance** on your account.

Will debit card authorization holds apply to all my purchases?

No, debit card authorization holds only apply to debit card transactions when you sign your name or do not enter a PIN. For example, a debit card purchase made at a restaurant or with an online merchant would be treated as a Signature/Credit transaction and would be subject to an authorization hold.

Debit card purchases and ATM withdrawals made using a PIN subtract the funds immediately from your account (except when a PIN is used at a gas station).

You may Opt-Out or Opt-In at any time for overdraft privileges.