

Regulation D FAQs

1. What is the purpose of Federal Regulation D?

The purpose of Reg D is to regulate the level of reserves a financial institution maintains. The required reserve amount for each financial institution is based on the balances it has in its transactional accounts, such as Checking Accounts.

2. What is Regulation D?

Federal Regulation D places a **monthly** limit on the number of transfers you may make from your **Savings Accounts** or **Money Market Accounts** (MMAs) without your physical presence being required. Transfers affected by this regulation include:

- ◆ Transfers made using Online Banking
- ◆ Transfers made using Telephone Banking
- ◆ Overdraft transfers (made automatically to cover insufficient funds in other accounts)
- ◆ Transfers made by a Member Service Representative on your behalf
- ◆ Pre-authorized, automatic, scheduled or recurring transfers (see below)
- ◆ You are allowed **six such transfers per month**, per account.

3. What transactions are not affected by Regulation D?

- ◆ ATM transactions.
- ◆ Transfers made to MSCU loans.
- ◆ Transactions done in person at a branch (including shared branches).
- ◆ Transactions sent in by mail, or Night Drop with an original signature
- ◆ MSCU Bill Pay (which uses funds from your checking account)

4. What are my options once an account has reached its Regulation D limit?

- a. You may complete withdrawals and transfers in person, by mail, or at an ATM.

5. If an account used for Overdraft Protection has reached its Regulation D limit, will overdraft requests be honored?

- a. No, if the Overdraft Protection account is a Savings Account or MMA. In that case, you will receive a notice by mail and incur an Insufficient Funds change for every overdraft attempted beyond your monthly limit. However, if the Overdraft Protection account is a **Line-of-Credit loan** (which is not affected by Regulation D) the overdraft will complete normally.

6. I have authorized a merchant to automatically withdraw payments from my Savings Account or MMA; do these count against my monthly limit?

- a. Yes. These payments (which you might know as "ACH" or "EFT" transactions) follow Regulation D limitations. Any withdrawals attempted beyond your monthly limit will not be honored, and you will receive a notice by mail and incur an Insufficient Funds change.
- b. To avoid this situation, make automatic payments using something other than a Savings Account or MMA, such as a checking account. Contact the merchant to arrange this change, and be aware that your request could take more than a month to go into effect. Alternatively, consider using MSCU Bill Pay to automatically send payments to the merchant, rather than authorizing the merchant to automatically withdraw payments.

7. If I have three Savings accounts at the Credit Union, does the six transaction limit apply to each account? Are transfers aggregated from all three accounts in determining the six transaction limit?

- a. The six transaction limit applies to each one provided the accounts were not established for the sole purpose of avoiding Regulation D compliance.

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8. **Does Regulation D apply to the use of Visa Check Cards at gas stations, grocery stores, restaurants, and the like?**
 - a. When you use your Visa Check Card for a point of sale transaction at a gas station or retailer, the funds are debited from your Checking, which means that the transaction is not subject to Regulation D. This is a great reason to set up an overdraft line of credit.