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| Name: | NGPF Activity Bank *Checking* [Spanish version](https://drive.google.com/open?id=1nlMyblQMvoeULNoE_W3G66lRjX6WBl_fGgiG90l253I) [Teacher Tip Video](https://youtu.be/HULrloOnypI) |
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COMPARE: Overdraft Fees

It’s never a good feeling to find out that you spent MORE money than what you had available, then getting a fee added on top of that overspending! In this activity, you will practice calculating the overdraft fees associated with major banks’ checking accounts, compare the fees from the different banks, and reflect on some of these key ideas to help you feel prepared when you are selecting your own checking account!

**Part I. Read the Article, What are Overdraft Fees (link found on our Class web page at** [**www.marketingmps.com**](http://www.marketingmps.com)**.**

**Answer the following questions.**

1. **Define in your own words, what is an overdraft fee?**
2. **Define in your own words, what is overdraft protection?**
3. **Overdraft coverage is your most expensive option for overdraft protection. What is this?**
4. **There are many ways you can avoid overdraft fees. Read the section on the six ways listed. Define the following:** 
   1. Opt out of overdraft coverage`
   2. Set up overdraft protection transfers `
   3. Keep an eye on your account balances `
5. **In your opinion, what is the best way to avoid paying fees for overdraft charges?**

**Part I: Calculate the Fees**

Read Joshua’s scenario in the box below. Then, use the links provided to help you calculate his overdraft fees.

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| **The Scenario: These are Josh’s transactions in order of when he did them.**   * When the day begins, Joshua has $116 in his checking account, and he has overdraft protection * Before school he buys his cousin a round trip bus fare for $4 using his debit card * He then uses the debit card to get gas in his car for $43 * Once the banks open, a check he gave the school for his senior yearbook clears, and $75 comes out of his account * Joshua’s Netflix account subscription is automatically debited today, too, so another $10 leaves the account * After school he heads out with friends and uses his debit card to buy a $3 coffee * He uses his ATM to withdraw $20 to give his friend Bryant a portion his share of dinner * Finally, he finishes out the day with some shopping to buy new soccer gear for $35 with a debit card |
| Question: How much money did Josh Spend today? |

***Some banks reorder your daily transactions by size, putting the largest transactions first and the smallest last because they can charge more overdraft fees. It is legal!*** *On the left table,* **Calculate Josh’s Balance using the transactions above based on the order in which Josh spent the transactions. Enter payment type in the first column: Check, Debit Card (DC), Auto Pay (AP), Transfer (TR)Put a negative number in front of your balance in the third column as soon as the balance is negative. The first transaction of $4.00 is entered for you.**

**On the Right, after completing the left, calculate the balance based on if the bank can run these through by largest amount first. Enter payment type in the first column: Check, Debit Card (DC), Auto Pay (AP), Transfer (TR)Put a negative number in front of your balance in the third column as soon as the balance is negative.**

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| Run in Order received by Bank: | | |  | Largest Transactions Run First: | | |
| Beginning Balance | | $ 116.00 |  | Beginning Balance | | $ 116.00 |
| ***Transaction DC*** | ***$4.00*** | ***$112.00*** |  | Transaction |  |  |
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1. If entered by the bank in date order, how many transactions were overdrawn that banks can charge an overdraft fee for? How many overdrawn if the bank runs them in largest payments to smallest payments first?

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| Date Order: Largest to Smallest? |

1. How much did Joshua spend on actual purchases throughout the course of the day?

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1. Without fees, what was his ending balance at the day’s end?

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1. Compare the fees from the charts on the following banks and complete the data from the “Overdraft fees by bank” article listed on our class webpage at www.marketingmps.com

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| Bank | Overdraft fee Amount | # of fees allowed per day |
| Chase |  |  |
| Regions |  |  |
| TD Bank |  |  |
| US Bank |  |  |
| USAA |  |  |
| Wells Fargo |  |  |

1. How much did Joshua pay in overdraft fees with each bank based on the amount each charges, the number of charges they charge?

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| **Bank** | **How Much Joshua Would Pay in Overdraft Fees (Reminder to see if can charge for ATM, Debit Cards ect)** |
| Chase |  |
| Regions |  |
| TD Bank |  |
| US Bank |  |
| USAA |  |
| Wells Fargo |  |

1. What advice would you give to Joshua?

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**Part III: Analyze the Bigger Picture**

1. How does whether a bank reorders transactions impact the cost of overdraft fees?

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1. If you were selecting a checking account and reviewing account agreements to see which is the best fit for you, which factor matters more -- the size of the overdraft fee or the maximum number of overdraft fees charged per day? Explain your thinking.

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