Article Side

Secure Checking Account Funds with Overdraft Protection

by Jess Hall

Article published on December 1st 2011 | Finance

No matter how closely you track your checking account balance, unexpected charges and automated payments sometimes cause you to withdraw more than you have. Hefty overdraft fees add substantially to the cost of a small purchase like a cheeseburger or a pack of gum. Unfortunately, many people make several purchases and accrue a fee for each charge before realizing their mistakes. However, by connecting your primary spending account to a savings account, you can prevent yourself from future overdraft charges. Overdraft protection provides you with numerous benefits that eliminate stress from your life and help you save money.

Enjoy Peace of Mind

Though it might seem like a small thing, you can't underestimate the value of peace of mind. When you know that you'll never receive an overdraft fee again, you don't have to worry about payments transferring on the wrong dates or small purchases that could take you over the edge. Instead, the funds will come directly out of your savings account to cover the bills. Naturally, you should still monitor your spending throughout the month in order to avoid depleting your savings. However, when overdraft protection is used correctly, you could reduce your spending and save more.

Save Money on Costly Fees

Each overdraft fee of $20 or $30 might not seem like much by itself, but several extra charges can add up quickly. Most people who use debit cards make multiple transactions each day. If you don't realize that you've overdrawn your account in the morning, you could continue to receive a charge for each subsequent purchase you make. When you're already running low on money for the month, hundreds of dollars in extra fees are the last thing you need. By signing up for an account with overdraft protection through your savings account, you can take a proactive step toward eliminating costly fees from your life.

Protect Your Credit Score

Some people avoid overdraft fees by blocking withdrawals once they reach a designated minimum balance. This might seem like a good strategy at first, as the hold on your account prevents you from spending money you don't have. However, if an important payment for your mortgage or car loan is automatically withdrawn from your checking account each month, you could be in trouble. When you miss an essential payment on a loan or credit card, your credit score can take a hit. Though you don't want to take out too much from your savings, it might be more beneficial to keep your credit report intact by temporarily borrowing the funds from yourself.

Transfer Money Quickly

When the overdraft protection service takes money from your savings account to cover your primary expenses, you can still transfer the money back as soon as you have adequate funds. It's easy to move money between your checking and savings accounts when they are connected through an overdraft protection plan. This system gives you the best of both worlds, as you'll always have access to your funds when you need to pay a bill.

Monitor Your Account from One Place

It also becomes easier to monitor your overall finances when you have your checking and savings

accounts linked together. Whether you receive monthly statements in the mail or use an online banking system, you can check the balances of each account and review transactions at the same time. When you can easily track your overdraft protection activity and the state of each account, you'll be able to make changes to your spending habits and update your automatic payments. With this type of information available, you can tighten up your finances and plan ways to save additional money in the future.

Article Source:
http://www.articleside.com/finance-articles/secure-checking-account-funds-with-overdraft-protection.htm - Article Side

Jess Hall - About Author:
Jess Hall is a personal finance writer located out of Jersey City. She likes to share with others how she manages to achieve a financially fit lifestyle. Her latest article gives advice on how to avoid overdraft fees on your a checking account. Other articles that she likes to read include a https://www.aurorabankfsb.com/articles/banking-articles/free-checking-accounts-are-quickly-becoming-norm

Article Keywords:
rates

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!