

How to Explain Transaction Processing and Account Balances

Checking Account Balance

Your checking account has two kinds of balances: the “actual” (also referred to as the “ledger” balance) and the “available” balance. It is important to understand how the two balances work so that you know how much money is in your account at any given time.

Your “actual/ledger” balance is the amount of money that is actually in your account at any given time. It reflects transactions that have “posted” to your account, but it does not include transactions that have been authorized and are pending. While it may seem that the actual balance is the most up-to-date display of the funds that you can spend, this is not always the case. Your account may have purchases, holds, fees, other charges, or deposits made on your account that have not yet posted and, therefore, will not appear in your actual balance.

Your “available” balance is the amount of money in your account that may be available to you to use without incurring an overdraft fee. The available balance takes into account holds placed on deposits and pending transactions (such as pending debit card purchases) that the credit union has authorized but that have not yet posted to your account. It is very important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your available balance may not reflect outstanding checks and automatic bill payments that you have authorized (or other outstanding transactions) but have not yet posted to your account.

Transaction Processing

Transactions will be processed against the available balance in the account at the time of processing. Importantly, the actual balance and available balance may differ as the available balance may be reflective of any pending ATM or debit card transactions that have not posted to the account or due to check holds. **We use the available balance when determining whether a transaction will cause your account to overdraw and for charging overdraft fees.**

Transactions may not be processed in the order in which they occurred and the order in which transactions are received and processed may impact the total amount of fees incurred. There are many ways transactions are presented for payment by merchants and we are not necessarily in control of when transactions are received. We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means you may be charged more than one fee if we pay multiple transactions when your account is overdrawn.