



## Plug Those Money Leaks

By Robyn M. Young

Today, people are looking for ways to save money. One of the best ways to reduce expenses is to find and plug “money leaks,” ways that money seeps out bank accounts when you are not paying attention. In the course of my daily money management work with clients, I have found five common money leaks:

- **Late fees** are extra charges companies tack on to a bill when it is not paid by the stated due date, and can be as much as \$30. When several bills are not paid on time, late fees can cost a couple hundred dollars over and above the regular amounts due.

It is worthwhile to pay attention to due dates, especially if you carry a balance on your credit card. Late credit card payments, regardless of how much is paid, can cause the card’s interest rates to increase dramatically. Some credit card companies will also increase your interest rate if you are late paying other bills.

- **ATM fees** occur when you use an ATM at a bank other than your own. Often there are two fees: the first from your bank and the second from the bank whose machine you are using. Although ATM fees are small, they add up if you make regular withdrawals at other banks. ATM fees cost one of my clients \$15.75 a month. This is \$189 a year. His own bank was a half mile away from the machine he regularly used.

To avoid ATM fees, plan your cash needs ahead so you get to your bank's ATM when you are close by. If convenience is an issue, consider switching banks.

- **Bank account fees** will show up on your monthly statement. Banks charge fees to cover their costs on certain services, such as wiring money and stopping payment on checks. Some fees can be avoided, however. For instance, a monthly fee is deducted when your balance falls below a designated amount. Or, a fee is assessed for online banking privileges.

If you see fees on your bank statements, meet with a representative from your bank to learn whether there is another account that better meets your needs. If not, investigate other banks. If you bank on line, look for an account that provides this service free.

- **Overdraft fees** are bank charges you incur if you "bounce" a check. Overdraft fees can be \$30 or more each. Another of my clients once bounced seven checks in one month. \$210 in fees leaked out of her account when she wasn't paying attention.

Often overdrafts occur when you make debit card purchases, ATM withdrawals and automatic bill payments. These are easily forgotten. Keep in mind that many companies now process checks as electronic transactions. This means the money is withdrawn from your account almost as soon as the company receives payment. You no longer have four to five days to get money into your account to cover the checks you just wrote.

To avoid overdraft fees, keep an up-to-date checkbook register. When you make an electronic withdrawal from your checking account, record it right away. If your electric company withdraws its payment from your account each month,

record the withdrawal the day you receive the statement. Treat every withdrawal - whether it is a check, ATM transaction, debit card purchase or electronic bill payment - as if you just handed over cash. Keep that amount of money in your account to cover the payments.

- **Automatic payments** are found on your bank and credit card statements. They could be services that you no longer use for which the company is still withdrawing money from your account. It could be a donation to a non-profit organization or political cause that you no longer support.

To stop automatic payments, call the organization to cancel the service or end the contribution. If you have cancelled such a service, check your statements each month to verify that the payment has stopped. I worked with one individual who had cancelled a service six months prior, but the company was still charging a monthly payment to her credit card. Over those six months, she paid \$60 for a service she was not using.

It is worth spending time reviewing bank and credit card statements to look for money leaks. Then you can take steps to plug those leaks. This is found cash! Use it for savings or the things on which you do want to spend money.