

Best Checking Accounts for Minimizing Overdraft Fees

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To be clear, overdrafting a checking account is a [bad habit](#). Overdraft fees are very expensive, and frequent overdrafts may be a sign you are spending more than you can afford.

Then again, everyone has bad habits, and if overdrafting your checking account is one of yours, you should [choose a bank](#) that isn't

going to compound the problem by charging especially high overdraft fees.

What makes for a good checking account if you have a habit of overdrafting your balance? Here are some characteristics:

- **Low overdraft fee**
Start with a relatively low overdraft fee. With the average overdraft fee now up to \$32.58, finding a bank that will charge you less when you make this mistake will help limit the damage.
- **Cap on the number of fees**
A cap on the number of fees can also help. When people overdraft their accounts, they may conduct multiple transactions before restoring their balance. If this results in multiple fees, one overdraft can actually run into the hundreds of dollars. Fortunately, many banks cap the number of overdraft fees they charge for any one occurrence, so looking for a low daily cap can help save you from your mistakes becoming exorbitantly expensive.
- **Minimize monthly maintenance fees**
Minimizing monthly maintenance fees can help keep your balance intact. While free checking accounts are becoming relatively scarce, they do still exist. If you are going to be paying the bank regular overdraft fees, why add to this with a

monthly fee? Look for an account with a low or no maintenance fee.

- **Low minimum balance**

A low minimum balance is a must. If you habitually overdraft your account, it implies that you don't keep a particularly large balance in the account from the outset. Thus, you should look for an account with a low balance requirement.

- **Free balance transfers**

Free balance transfers may help you put your account right. Banks that allow you to transfer money from savings or other accounts with no additional charge might help you cover your overdrafts efficiently.

While few accounts have all of the above going for them, MoneyRates looked for checking accounts with at least some of these characteristics and identified ten accounts that could be a good choice if you tend to overdraft your account.

Best checking accounts to minimize overdraft fees - March 2019

Through a combination of low overdraft fees and caps on the number of fees per occurrence, the following are the best checking accounts for minimizing overdraft fees if you habitually overdraft your account:

1. Axos Bank

When people talk about "free checking accounts," they are usually referring to those that have no monthly maintenance fee. Axos Bank goes a step further by having no overdraft fee along with no monthly maintenance fee on their Essential Checking account. With no dollar minimum required to open an account, the Axos Essential Checking account should be both cost-effective and readily accessible to most customers.

2. Ally Bank



The \$25 overdraft fee for Ally's Interest Checking account is well below the industry average, and the account also charges no monthly maintenance fee. What really placed this account high on the list was the fact that they also cap overdraft fees at one per day.

It gets even better for customers who have a linked savings or money market account at Ally because they automatically transfer money from these accounts to your checking account to cover overdrafts at no charge.

In addition, Ally Bank was awarded the [America's Best Rates](#) bronze medal for Best 1-year CD Rates heading into 2019.

3. Discover Bank

Like Ally, Discover caps overdraft fees at one per day and has no monthly maintenance fee. At \$30, their overdraft fee is a little higher but still below the industry average.

4. USAA Bank

The Classic Checking account at USAA has no monthly maintenance fee and a reasonable \$25 overdraft fee, with a cap of two overdraft fees per day.

5. TIAA Bank



The Yield Pledge checking account from TIAA Bank has the key characteristics for saving you money on fees: a reasonable overdraft fee of \$30, a cap on overdraft fees of two per day, no monthly maintenance fee, and free automatic transfers from related accounts. The only catch is that with a \$5,000 minimum to open, this account may not be accessible to everyone.

TIAA Bank was also awarded the America's Best Rates silver medal for Best 1-year CD Rates heading into 2019.

6. Arvest Bank

The \$17 overdraft fee from Arvest Bank is one of the lowest our survey found, and they charge no monthly maintenance fee. However, they do not cap the number of overdraft fees you could incur on any one day.

7. State Farm Bank

The checking accounts at this bank have no monthly maintenance fee and a fairly low \$25 overdraft fee, with a cap of three overdraft fees per day.

8. Opus Bank

Unlike most of the accounts on this list, the Personal Checking account from Opus Bank does charge a monthly maintenance fee, though this \$9 charge is waived if you maintain a balance of at least \$500 or have monthly direct deposits. Overdraft fees are a below-average \$30 and are capped at three per day.

9. Radius Bank

The Radius Hybrid checking account charges no monthly maintenance fee, has a fairly low overdraft fee of \$25 and offers free automated transfers from linked accounts to cover overdrafts. The only catch is that they do not cap the number of overdraft fees you can incur at once, so chronic overdrafters should take care.

10. Washington Federal Bank

The Classic Checking account at Washington Federal Bank has a \$25 overdraft fee and no maintenance fee. However, there is no cap on the number of overdraft fees, and transfers from linked accounts incur a \$5 fee.

(Please note that account terms offered by banks may depend on location and are subject to change at any time, so check the details before signing up for any account.)

The above selections are based on accounts in the MoneyRates Index, which is a cross-section of the banking industry representing the 50 largest retail deposit institutions plus 25 medium-sized banks and 25 small banks. It is possible that you may find other banks offering attractive terms on overdraft fees, but the descriptions above should give you a better feel for overdraft terms that are most competitive.