

**From:** rutkowski@terraworld.net on 06/18/2008 07:00:22 PM

**Subject:** Regulation AA

Board of Governors of Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Federal Reserve Board Director,

Re:Docket No. R-1314: Strengthen Overdraft Protection Policies

Today CRL released a report finding that older Americans who rely heavily on Social Security income pay nearly \$1 billion every year in fees for unauthorized bank and credit union overdrafts.

Shredded Security: Overdraft practices drain fees from older Americans, is the latest in a series of CRL reports documenting the high cost of today's prevailing overdraft system, which hits hardest those who are living paycheck-to-paycheck; or in the case of people on Social Security; those who are living monthly-benefit-check-to-monthly-benefit-check.

Shredded Security finds that overall, banks collect \$4.5 billion from Americans 55 and older for these unfair fees, risking the financial security of the very people who have put a lifetime of work into building and sustaining this nation's economy.

This as AARP reports that bankruptcy among older Americans has doubled since 1991, in a new report by Elizabeth Warren released yesterday, Generations of Struggle, and as banks raise their overdraft fees and make it easier to hit their account holders with multiple charges.

Think older Americans aren't having the problem with debit cards that their younger counterparts are having? Think again. This report finds that debit cards are the most frequent trigger of overdrafts even for people 55 and older. These debit card overdrafts are extremely costly and would be easy to prevent if the banks were interested in discouraging overdrafts rather than maximizing them.

Prevailing bank practices artificially increase overdrafts by automatically approving debit purchases and manipulating the order they subtract transactions from their customers' accounts during their daily balancing. Many of our nation's biggest banks make it a practice to subtract the highest dollar amount first, which increases the number of \$34 fees they can charge.

In new proposed rules, the Federal Reserve Board has

acknowledged that banks are using unfair overdraft practices. But their solution doesn't go far enough. New rules would not require banks to obtain consent from customers before enrolling them in their most expensive option for covering overdrafts, but would only allow them to opt out of the program after the fact. Consumers should not have to "unsubscribe" from this costly system.

Older Americans, like others, want the option to avoid unauthorized overdrafts and would rather be declined at the checkout if their debit card purchase would trigger a fee over \$30. Their precious and protected Social Security benefits should not be confiscated to pay fees for essentially a loan they didn't ask for and often don't want.

Sincerely,  
Robert Rutkowski  
2527 Faxon Ct  
Topeka, KS 66605