

# **“Have You Checked Your CD Renewal Date Lately?”**

**Don't get caught paying penalties when you don't have to.**

By Robin G. Coles

Do you know the rules and regulations about your CD at the bank? Recently my six month CD came up for renewal and I was shocked to learn it had renewed at half the interest rate it was making before. I wasn't paying exact attention to the maturity date. I knew approximately when the CD was going to mature, but didn't write it on my calendar. Shame on me!

What happened next was a waste of my energy and hopefully, this report could save you from these same headaches.

The date that was in my head was the final day for the grace period. By the time I found the bank's notice, the grace period had ended and my CD had rolled over. I called the bank's 800 number to find out what happened to my CD. Customer Service told me the CD had rolled over to a rate that was half of what I was making before, but it was staying at the same number of months.

In shock, I asked if there was anything they could do and was told “no”. It was too late. They put me through to customer service in the bank branch itself. Customer service in the branch told me that if I had been paying attention, this wouldn't have happened. There was nothing I could do except take the money out now and pay a 3-month penalty. Talk about **no** customer service here! The girl I spoke with didn't care that I had been a customer with the bank for the past 9 years. She didn't care how much money we were talking about either. I screwed up and had to pay the price.

With that, I spent the next few days talking to various people in the financial industry to find out just what my rights were. Here's what I found:

This sort of thing happens quite regularly, especially in the summer months due to vacations.

## **For a CD that has passed it's maturity date**

If the maturity and grace period of your CD has come and gone, don't panic. Depending on the timing, you may be able to do something about it. If you notice within the first couple of days after the grace period that you missed the deadline simply go to the bank and ask to speak with a manager. In fact, go to the bank, but call first and make sure there is a manager on site. If you get someone in customer service and they insist on knowing why you need a manager, just say it's personal.

Once at the bank, explain to the manager that your CD just renewed and you didn't realize what the date was. Apologize for screwing up and for any inconvenience this may cause the bank for missing the deadline. Then tell him or her that you would like to renew the CD at a better rate. Could they get you a better deal than what the bank had rolled the CD into?

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If it is a reputable bank, the manager will be able to give you a better deal for your CD. Sometimes, the better rate will be for an extra month or two longer than what you had. However, the rate will also be much better than what you had before and definitely better than the rate they rolled you over into.

Once the paperwork is signed and your new CD is set up, have the branch manager explain the bank's rules for your new CD. Make sure you pay attention to the penalties as well.

My branch manager told me that since my CD was under a year, the interest would not be compounding. Therefore, whatever interest I made on a monthly basis was mine to do what I wanted. I could withdraw that money every month. Put it into a savings account that was collecting compounded interest or spend it. Taking this money out was penalty free.

Next, he told me that approximately 45 days prior to the CD's renewal date I would receive a letter from the bank. In this letter would be the maturity date and how long the grace period was. It would also contain any information pertaining to what would happen to the CD should I choose not to call them to renew it myself. The manager also suggested once I receive this notice to put it someplace where I could find it easily. Pay attention to the dates on this letter, I may not be so lucky the next time around.

### **How to keep track of your CD's maturity date**

The first thing to do if you have a CD is to find out the maturity date and then write it on your calendar. If it doesn't expire till next year, turn the calendar to December and write a note to yourself somewhere on that page. Another good option is to write it on the outside of the envelope so that you can see it at a quick glance.

### **For a CD ready to mature**

Depending on the bank, you will receive a letter in the mail anywhere from 45 days to 2 weeks prior to its maturity date. Once you receive this letter, you need to make sure you write the maturity dates on your calendar. Then you need to make a decision what to do with the money. Should you roll the CD over again? If so, shop around for the best interest rates and terms to suit your needs. Do this during the grace period, this way if you decide to move your money it won't cost you anything. If you decide to leave your money in the same bank, make sure you contact customer service and ask them to roll your CD over to a better rate that you agreed upon.

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## **Problems with letting your CD mature without any action**

- The bank will rollover the CD for the same length of time but usually at a much lower rate (sometimes half of what you were making before)
- The rollover is done automatically via the computer
- If you needed that money for something in the very near future – it will cost you big time to get it out!