

Published based on [New Simple Checking Account Disclosure Form - How About CDs?](#)

# **New Simple Checking Account Disclosure Form - How About CDs?**

The New York Times Bucks blog reported that Chase and two large credit unions have adopted a new simplified checking account disclosure that had been proposed by the Pew Health Group, an arm of the nonprofit group Pew Charitable Trusts. Pew's press release explains why this simplified checking account disclosure is needed:

Important policies and fee information are often hidden in long, highly technical banking literature, according to Pew's research of more than 250 checking accounts offered online by the nation's 10 largest banks. The median length of disclosure documents is 111 pages and includes account agreements, addendums, fee schedules, and pages on the banks' Web sites.

Pew's checking disclosure template is one page with clear details on the account fees, overdraft policies and hold times. As described by the NYT Bucks blog, the new Chase disclosure didn't exactly meet Pew's template. It was three pages instead of one, but it did meet the spirit of Pew's template. The two credit unions, Pentagon Federal Credit Union and North Carolina State Employees' Credit Union, were able to keep their simplified disclosures to one page. PenFed's disclosure adds an extra section at the bottom with additional checking account service fees. Half of SECU's disclosure is the processing policies and dispute resolution.

Pew's model checking account disclosure form is just a recommendation to banks and credit unions. There is discussion that the new Consumer Financial Protection Bureau may someday require all banks to standardize on a simplified disclosure.

There is already regulation that defines required account documentation and fee disclosures. This is the Truth in Savings Act of 1991 (Regulation DD). However, as I described in this April post, there are many reasons why improvements need to be made to the Truth in Savings Act.

## Simple and Standard CD Disclosure?

All this attention on a simple and standardize checking account disclosure made me think that we need the same thing for certificates of deposit. Too many banks and credit unions hide their early withdrawal penalties and policies in the disclosures. As we learned this year when Fort Knox FCU increased the early withdrawal penalty on existing CDs, the policies that cover the early withdrawal penalty can be complicated and hard to find. If customers don't understand these policies, a premature withdrawal may be much more costly than they had anticipated.

If I were to propose a simplified CD disclosure form, it would include a section for early withdrawal. The section would clearly specify the amount of the early withdrawal penalty, whether partial withdrawals of principal are allowed, whether approval by the bank is required for early withdrawal, and if the bank reserves the right to change the early withdrawal penalty on existing CDs before maturity.

What other details would you like to see in a standardized CD disclosure form?

### [Deposit Accounts](#)

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