



7 Pesky Finance Fees That Are Robbing You of Your Wealth (and How to Avoid Them)

Description

Make no mistake. Every financial institution that touches your wealth — from the bank that promises to secure your savings to the brokerage that conducts investment trades on your behalf — is in the business of making money.

Sometimes they make money when we make mistakes (like wracking up credit card debt). More often than not, they make money off “fees” — little finance charges that chip away, dollar by dollar, at our hard-earned income, savings, and investments.

Some of these fees are inevitable. Others are easy to avoid. Let’s take a look at the top seven fees in Canada as well as how you can avoid them.

1. Account fees for banks

It’s perhaps the most detested fee of all: the notorious *account fee*. Whether you want a savings account or a chequing account, many banks require you to pay a monthly fee. These fees can range from as low as a few dollars to \$30 or more.

One way to avoid this fee is to maintain a minimum balance. Most banks will waive the charge, so long as you have this balance in your account at all times.

2. Annual fees for credit cards

This fee is perhaps not so much detested as it is feared: annual fees on credit cards.

To be clear, most Canadians don’t *have* to pay an annual fee on a credit card. Those who are obligated to pay an annual fee are usually those with low credit scores who are trying to rebuild their credit.

Aside from that, you might pay an annual fee to enjoy more perks and higher rewards on certain cash-back and rewards cards. In general, if the additional rewards outweigh the fee, then [it might be worth paying it](#).

If you're currently paying an annual fee, but you're not reaping the benefits of the card, maybe it's time to look at [Canada's best credit cards](#).

3. ATM fees

Another pesky bank fee is the ATM fee, which requires you to pay money when you try to withdraw money from an ATM outside your bank's network. Like account fees, some banks will waive (or reimburse) you for the ATM fee if you maintain a minimum balance in your account.

4. Overdraft fees

The overdraft fee — *ugh*. Banks will often charge a fee when you try to withdraw more money than you have in your account. What's worse is that you might even pay overdraft interest, which is essentially like the APR on a credit card, until you pay back the funds you "borrowed" from your bank.

To avoid overdraft fees, you could pay an "overdraft protection fee," which is, yes, a fee to avoid paying another fee (these banks are genius, right?). Alternatively, you could make sure you never charge more to your debit card than you have available in your account or use a credit card just to be safe.

5. Brokerage trading fees

These are fees you pay to your broker for executing trades on your behalf. These days, with the abundance of [low-fee online brokerages](#), you should pay the absolute minimum in trading commissions. If you're still paying high fees, it might be time to break up with your broker.

6. Foreign transaction fees

Many credit cards will charge you a fee when you use your card to cover a transaction in a non-Canadian currency, such as the U.S. dollar or the euro. These fees can be up to 3.5% of the transaction cost — a fairly hefty fee depending on how frequently you charge.

The best way to avoid [foreign transaction fees](#) is to use cash for foreign transactions. You might pay a fee to withdraw foreign cash from an ATM, true. But if you plan to spend a lot, the upfront withdraw fee will probably be less than the ongoing foreign transaction fees.

7. Cash-advance fees

Finally, don't assume your credit card can withdraw cash fee-free. Often, when you use your card to access cash from an ATM, your credit card company will charge you a cash advance fee. As if that

wasn't frustrating enough, they'll also charge you a cash advance APR. These APRs typically don't come with a grace period, meaning you could start paying interest if you don't pay back the charged balance immediately.

Keep in mind that some transactions, while not technically cash withdrawals, count as cash advances, such as buying lottery tickets, casino chips, and writing transfers.

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