

Responsibly managing a checking account is simple once you get into the practice of accurately keeping track of all the money that is deposited and withdrawn. You just need to remember the most important rule of maintaining a checking account: Don't write checks when you don't have enough money in your account to cover them. If you remember this, you'll avoid the expensive and annoying overdraft charges.

Let's begin with the most basic element of the checking account, the check itself. A check is sort of a permission slip authorizing someone to withdraw funds from your account. A check is also like a contract, and your signature is your acknowledgement of the contract's validity. This is why you should never sign a check until you are ready to use it. The best way to prevent becoming a victim of check fraud is to always fill out the rest of the check before signing it.

You sign the check in the lower right hand corner. You should sign your name exactly the way it appears in the address in the opposite corner. Below the address is the "Pay to the order of" line. This is where you write in the name of the person, persons or business to whom you are writing the check. In the box at the end of this line, write the dollar amount in numbers for how much you want (and can afford) the check to be worth. Start at the left side of the box so no one can change a check for \$60 into one for \$1,060.

Below the "pay to the order of" line is the dollar line, where you write the dollar amount out in words. Make sure to draw a line through the extra space so the amount cannot be changed.

<p>James P. Smith 1234 Maple Drive Anytown, State 12345</p>	<p style="text-align: right;">1001</p> <p style="text-align: right;">① DATE <u>1/22/2003</u></p>
<p>Pay to the order of <u>Northeast Power</u></p> <p><u>Sixty and ⁰⁰/₁₀₀</u></p>	<p style="text-align: right;">② \$ 60.00 ③</p> <p style="text-align: right;">④ _____ DOLLARS</p>
<p>Name of Financial Institution Bank's Address</p>	<p>SAMPLE - VOID</p>
<p>MEMO <u>Electric Bill</u> ⑥</p> <p> : 000067894: 12345678 1001</p>	<p style="text-align: right;">⑤ <u>James P. Smith</u></p>

1. **Date:** Write the date in this space.
2. **Pay to the Order of :** Write in the name of the person(s) or business to whom you are writing the check.
3. **\$ Amount:** Write the amount for which you are writing the check, in numerals. Start at the left hand side of the box so no one can add any more numbers.
4. **Dollars:** Write, in words, the dollar amount for which you are writing the check. Draw a line through the rest of this line so no one can change the amount.
5. **Signature:** Sign your name here exactly like it appears in the upper-left hand corner of the check. Do not sign a check until you are ready to fill it out in full.
6. **Memo:** Make a note to remind yourself what the check is for.

On most checks, the bank's address is found directly below the dollars line. Below this is the memo line. Here you can write a little note to yourself to remind you what the check was for. A little notation like "January Rent" may prove helpful when sorting through your cancelled checks.

Below the memo line is a series of numbers. The first number, the routing number, is nine digits long. Next to it is your account number. This number can vary in length, because account numbers for different banks are formatted in different ways. Beside the account number, many times, is a three or four digit number. This is the check number. All checks have the check number in the upper right corner, but some repeat it in the opposite corner.

Keeping Track of Your Money

For every check you write, every withdrawal and every deposit, there should be an entry in your checkbook register. There's nothing complicated about entering transactions in your register, it just takes resolve to make sure that you do it each and every time.

The first column on a check register is the check number column. If you are writing a check, write the number in here. Take note of the last check number in this column. Make sure that the numbers are in sequence – there shouldn't be any missing checks. If you ever make a mistake writing a check, write VOID in large letters across the entire check and tear it into several pieces. Make sure you make a notation of the voided check in your checkbook register.

In the date column, write in the date of the transaction. Next to the date column is the "description of transaction" column. This is where you write exactly what the transaction was. If you wrote a check, write the name of the party to which you wrote the check for. If the transaction was a withdrawal or deposit, a simple "withdrawal" or "deposit" should do.

The next column is the Payment/Debt column. Only use this column for transactions that withdraw money from your account. A separate column is used for deposits, the Deposit/Credit column. This makes it easy to tell at a glance which transactions are withdrawals and which transactions are deposits.

In between the payment column and the withdrawal column is a pair of columns used for keeping track of any fees and service charges your financial institution may incur for withdrawals on your checking account. In the Code column, make a note of what kind of transaction this entry was. If it was an ATM withdrawal, write 'ATM' in the code entry. For a debit card purchase, write 'DC.' Use your own abbreviations; the important thing is that you will be able to tell what the transaction was if you look at it a week later.

If your bank charges you to use automated teller machines, write the fee in the Fee column. You don't want to bounce a check by only \$1.50 because you forgot to write down a fee for using an out-of-network ATM. That \$1.50 could cost you upwards of \$40.00 in overdraft charges.

Finally, the far right column is the total balance in your account. Make changes to this number corresponding with the transactions you make. When you get to the bottom of the page, write the balance at the top of the next page on your register and continue to record your transactions.

1. **Check Number:** Write the number of the check in this column. If the entry is a deposit, or if you are not writing a check, leave this space blank.
2. **Date:** Enter the date of the transaction.
3. **Description of Transaction:** If you wrote a check, enter to whom it was written. If you made a teller withdrawal, deposit or any other transaction, enter the appropriate note.
4. **Payment/Debit:** Enter the amount of money withdrawn or the amount of the check.
5. **Transaction Code:** When taking money out of your account in other ways than writing a check, make a note of how the money was withdrawn here. You can use your own abbreviations. Here, 'D' stands for deposit, 'DC' means debit card and 'ATM' means automated teller machine.
6. **Service Fee:** If your bank charges you for writing checks, using your debit card, ATM visits, etc., enter the appropriate fee here.
7. **Deposit/Credit:** Enter the amount of money deposited or credited to your account.
8. **Balance:** Add or subtract from this column when making deposits or withdrawals.

1	2	3	4	5	6	7	8
Number	Date	Description of Transaction	Payment/ Debit (-)	Code	Fee	Deposit/ Credit (+)	2871.04
1001	1/22	Northeast Power	60 00				2811 04
1002	1/24	Petersen's	33 19				2777 85
1003	1/25	Auto Repair	63 60				2714 25
	1/26	Deposit		D		50 00	2764 25
	1/28	Withdrawal	100 00	ATM			2664 25
1004	1/29	Groceries	200 00				2464 25
1005	1/29	Furniture Village	254 66				2209 59
1006	1/30	24 Hour Cleaners	42 30				2167 29
1007	2/03	Mortgage	1719 98				447 31
	2/05	Deposit				945 50	1392 81
1008	2/06	Vision Cable	54 66				1338 15
1009	2/06	Allied Gas	36 00				1302 15
	2/10	Pepe's Restaurant	50 00	DC			1252 15
1010	2/13	Tom's Pharmacy	10 00				1242 15
	2/15	Deposit		D		150 00	1392 15

When making a deposit, first enter the date in the date section. If you are depositing cash, write the appropriate amount in the “cash” line. Next, begin listing all of the checks you are depositing, directly below the “cash” line. Either write a brief description of each check or the check number in the space provided.

If you have more than two or three checks, you can list the rest of them on the back of the deposit ticket. Add all of the checks on the back together and enter the total in the last space on the back of the ticket. You will then need to write this amount on the front of the deposit ticket, in the space marked “total from other side.”

On the front of the ticket, add the amounts in the “cash,” “checks” and “total from other side” spaces. Enter this total in the space marked “subtotal.”

If you are going to receive cash back, enter the amount you which to receive back in the space marked “less cash received.” Subtract the amount you are getting back from the subtotal and enter this amount in the “total net deposit” space. This is the entry block at the bottom of the column, marked with a dollar sign. Be sure to sign the deposit ticket if you are receiving cash back.

Lastly and most importantly, enter the deposit amount in your checkbook register.

Endorsing a Check

Before you can deposit a check into your account, you must endorse it. This means signing your name on the back of the check. Depending on how you endorse it, the check can be cashed, deposited, or made payable to a third party.

When endorsing a check, you must sign your name exactly as it is printed on the check. If your name is spelled wrong, also sign your name the correct way on the next line. There are three ways to endorse a check. They are: a blank endorsement, a special endorsement, and a restrictive endorsement.

A blank endorsement is the simplest kind of endorsement. All it involves is signing your name on the back of the check. It’s that easy; now the check is ready to be deposited. Make sure that you don’t sign the check until it you are ready to cash it or deposit it, however. Once the check is signed on the back, it is a lot easier for others to cash your check for themselves.

A special endorsement is used when you want to give the check to someone else to either cash or deposit for themselves. To do this, write “pay to the order of” on the top line in the endorsement area. Below that, write the name of the person that you wish to give the check to. Finally, sign your name below that.

The third kind of endorsement is a restrictive endorsement. A restrictive endorsement means that you write “for deposit only” above your signature in the endorsement area. This means that the check cannot be cashed, only deposited into your account. This is the safest way to send a check through the mail.

Blank Endorsement

<p>ENDORSE HERE</p> <p><i>James P. Smith</i></p> <hr/> <hr/> <hr/>
<p>DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR INTITUION USE</p>

Restrictive Endorsement

<p>ENDORSE HERE</p> <p><i>For deposit only</i></p> <hr/> <p><i>James P. Smith</i></p> <hr/> <hr/>
<p>DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR INTITUION USE</p>

<p>ENDORSE HERE</p> <p><i>Pay to the order of</i></p> <hr/> <p><i>Robert Langley</i></p> <hr/> <p><i>James P. Smith</i></p> <hr/>
<p>DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR INTITUION USE</p>

Special Endorsement

Your Monthly Statement

Every month you will get a statement from your bank. Your statement will detail all activity that took place in your account over the past month. All deposits, withdrawals, debit card activity, fees and checks will be included. You should compare this information with your own records.

Because it takes at least a few days to print and mail the bank statements, transactions that took place yesterday or even a few days ago will not be on the statement that you receive in the mail. If you have a question about your account, such as why your debit card was denied or why the ATM is telling you that you have “insufficient funds,” many banks have account information available over the phone or Internet.

Ask someone at your local branch office about these helpful features. Many institutions will allow you to check your balance, get a list of your last ten transactions, even make transfers over an automated telephone system or online. Many ATMs can print you a statement of your last ten transactions, sometimes for a small fee.

Balancing Your Checkbook

Balancing your checkbook means checking your register of transactions against the bank's monthly statement. It's always a good idea to double check your financial institution's accounting. You shouldn't rely on someone else to make sure all of your money is where it belongs. Besides, balancing your checkbook is easy if you keep your checkbook register updated.

To begin, get all of your cancelled checks together and put them in order by number. If your type of checking account is one where the bank stores your checks for you, make sure that you keep accurate records of the checks you write in your register.

Carefully looking at one transaction at a time, compare the cancelled checks against the register, and then compare the register against the bank statement. For each transaction that matches up, put a checkmark next to it in your register. Look for any fees, service charges or automatic deductions listed on your statement and make sure they all match.

Keep in mind that outstanding checks and deposits or transactions made after the date printed on the statement may be recorded in your register, but will not be listed on your statement. Just worry about making sure that everything on your statement corresponds with what is recorded in your register, not the other way around.

James P. Smith 1234 Maple Drive Anytown, State 12345		DATE <u>1/22/2003</u>	1001
Pay to the order of <u>Northeast Power</u>			
Amount <u>Sixty and ⁰⁰/₁₀₀</u>			
Name of Financial Institution Bank's Address		SAMPLE - VOID	
MEMO <u>Electric Bill</u>		<u>James</u>	
MICR Line: ⑆000067894⑆ 12345678 1001			

MONTHLY STATEMENT

page 1
Account Information Line: 1-800-555-5555
Customer Service: 1-888-555-5555

Deposits	\$50.00
Checks	\$2373.93
Misc. Debits	\$100.00
Service Fees	\$0.00
Ending Balance	\$447.31
Total Number Checks Paid	7

Name of Bank: James P. Smith
 Bank Address, State, 12345: 1234 Maple Drive, Anytown, USA 12345

Deposit Account: Detail Checking
 Express Checking
 Account No.: 12345678
 Social Security No.: 123-45-678

Number	Date	Description of Transaction	Payment/ Debit (-)	Cod
1001	1/22	Northeast Power	60.00	
1002	1/24	Petersen's	33.19	
1003	1/25	Auto Repair	63.60	
	1/26	Deposit		D
	1/28	Withdrawal	100.00	ATM
1004	1/29	Groceries	200.00	
1005	1/29	Furniture Village	254.66	
1006	1/30	24 Hour Cleaners	42.30	
1007	2/03	Mortgage	1719.98	
	2/05	Deposit		
1008	2/06	Vision Cable	54.66	
1009	2/06	Allied Gas	36.00	
	2/10	Pepe's Restaurant	50.00	DC
1010	2/13	Tom's Pharmacy	10.00	
	2/15	Deposit		D

DATE	DESCRIPTION	AMOUNT	BALANCE
	Beginning Balance		2871.04
1/22	1001	60.00	2811.04
1/24	1002	33.19	2777.85
1/25	1003	63.60	2714.25
1/26	Deposit	50.00	2764.25
1/28	ATM Withdrawal	100.00	2664.25
1/29	1004	200.00	2464.25
1/29	1005	254.66	2209.59
1/30	1006	42.50	2167.29
2/03	1007	1719.98	447.31

With each check, match the number and amount first with your checkbook register and then your bank statement.

CHECKS PAID ON THIS ACCOUNT:

1008	60.00		
1009	33.19	1005	254.66
1010	63.60	1012	42.30
1011	200.00	1013	1719.98

The reconciliation form on the back of your bank statement is a section for you to update the statement with your register. On the reconciliation form there should be a table for you to enter in any transactions that have been recorded in your register but not on your bank statement.

DEPOSITS, CHECKS AND WITHDRAWALS NOT LISTED ON THIS STATEMENT		
DEPOSITS	CHECK NUMBER	CHECKS AND WITHDRAWALS
<i>945.50</i>	<i>1008</i>	<i>54.66</i>
<i>150.00</i>	<i>1009</i>	<i>36.00</i>
	<i>Debit Card</i>	<i>50.00</i>
	<i>1010</i>	<i>10.00</i>
TOTALS	<i>1095.50</i>	<i>150.66</i>

ENDING BALANCE FROM THE FRONT OF THIS STATEMENT	<i>447.31</i>
PLUS THE TOTAL FROM THE DEPOSITS COLUMN ABOVE	<i>1095.50</i>
SUBTOTAL	<i>1542.81</i>
MINUS THE TOTAL OF THE WITHDRAWALS COLUMN ABOVE	<i>150.66</i>
BALANCE (this number should be the same as the balance in your register)	<i>1392.15</i>

On the reconciliation form, list all deposits, checks and withdrawals that have not been listed on your statement. Make sure you put all numbers in the appropriate columns. Add all of the deposits together, then add all of the checks and withdrawals together.

Add the total for the deposits to the ending balance listed on the front of the statement. From this number, subtract the total for all checks and withdrawals. The number that you get should match the most recent balance on your checkbook register. If it doesn't, go through the statement and register again to make sure that you didn't miss any transactions and the bank didn't charge you for anything that you do not have recorded in your register. If the numbers still don't match, call the customer service number for your bank to work out any discrepancies.

Managing your checkbook is easy, it just takes the diligence to record every transaction in your checkbook register and the resolve to balance your checkbook every month. Make these things a habit. After all, it's your money. You should keep track of what the bank is doing with it.