

# CHECKING ACCOUNT & DEBIT CARD SIMULATION

## Understanding Checking Accounts and Debit Card Transactions



# WHY DO PEOPLE USE CHECKING ACCOUNTS?

- Reduces the need to carry large amounts of cash
- Convenience – useful for paying bills
- Spending Plan Tool
  - Keeps a record of where money is spent
- Safety – using checks is safer than carrying cash



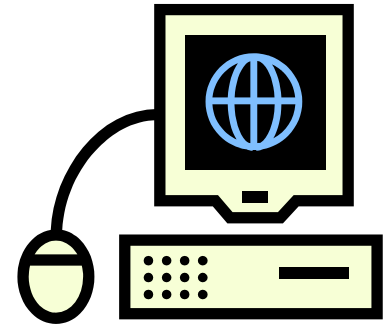
# WHAT IS A CHECK?

- Used at the time of purchase as the form of payment
  
- Piece of paper pre-printed with the account holder's:
  - Name
  - Address
  - Financial institution
  - Identification numbers



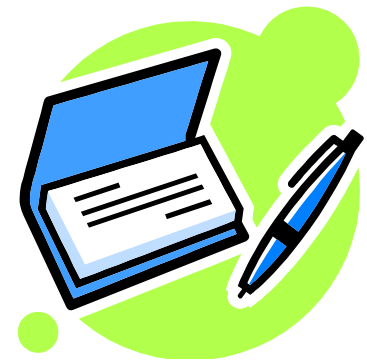
# WHAT IS A CHECKING ACCOUNT?

- Common financial service used by many consumers
- Funds are easily accessed
  - Check
  - ATM (automated teller machine)
  - Debit card
  - Telephone
  - Internet
- Services and fees vary depending upon the financial institution



# BOUNCING A CHECK

- Check written for an amount over the current balance held in the account
  - **'Bounces'** due to insufficient funds, or not enough money in the account to cover the check written
- A fee will be charged to the account holder
- Harm future opportunities for credit



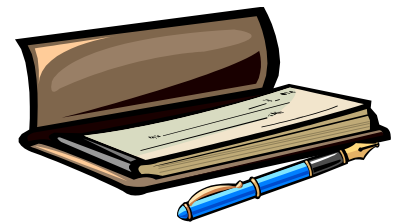
# OTHER CHECKING COMPONENTS

## ○ Checking Account Register

- Place to immediately record all monetary transactions for a checking account
  - Written checks, ATM withdrawals, debit card purchases, deposits and additional bank fees

## ○ Checkbook

- Contains the checks and the register to track monetary transactions



# ATM



- **Automated teller machine**, or a cash machine
- Can be used to withdraw cash and make deposits
- Additional fees may be assessed if the ATM used is not provided by the financial institution sponsoring the card

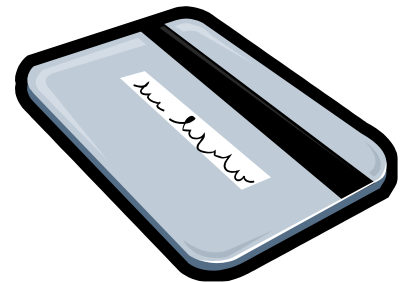
# DEBIT CARD

- Plastic card that looks like a credit card
- Electronically connected to a bank account
- Money is automatically taken from the bank account when purchases are made
- Requires a PIN (personal identification number)
  - Confirms the user is authorized to access the account



# TO USE A DEBIT CARD

- Swipe it through the store machine or put into an ATM
- Enter the PIN
- Complete transaction



# PROS AND CONS - DEBIT CARDS

## Pros

- Convenient
- Small
- Can be used like a credit card
- Allows a person to carry less cash
- Does not allow overspending

## Cons

- Can lose track of balance if transactions are not written down
- Opens checking account up to credit fraud
- Others can gain access to the account if the card is lost and PIN is known

# ENDORISING A CHECK

## ○ Endorsement

- Signature on the back of a check to approve it to be deposited or cashed
- A check must be endorsed to be deposited

## ○ Three types

- Blank
- Restrictive
- Special

# BLANK ENDORSEMENT

- Receiver of the check signs his/her name
- Anyone can cash or deposit the check after has been signed

Endorse Here

X *Sally Smith*

---

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE

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# RESTRICTIVE ENDORSEMENT

- More secure than blank endorsement
- Receiver writes “for deposit only” and account number above his/her signature
  - Allows the check to only be deposited

Endorse Here
<i>For Deposit Only—Acct. # 1234567890</i>
X <i>Sally Smith</i>
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR FINANCIAL INSTITUTION USE

# SPECIAL ENDORSEMENT

- Receiver signs and writes “pay to the order of (fill in person’s name)”
- Allows the check to be transferred to a second party
  - Also known as a two-party check

Endorse Here
<i>Pay to the order of Mike Smith</i>
X <i>Sally Smith</i>
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR FINANCIAL INSTITUTION USE

# WORKSHEET ANSWERS

## Blank

Endorse Here

X Student's Signature

## Restrictive

Endorse Here

*For Deposit Only—Acct. # 987654321*

X Student's Signature

## Special

Endorse Here

*Pay to the Order of Jonathon Smith*


X Student's Signature

# MAKING A DEPOSIT

- **Deposit slip**
  - Contains the account holder's account number and allows money (cash or check) to be deposited into the correct account
  - Located in the back of the checkbook
- Complete a deposit slip to make a deposit
- Deposited amount must be recorded in the checking account register to keep the balance current
- Deposits can be made at an ATM or with a bank teller



# COMPLETING A DEPOSIT SLIP


Deposit Slip		93-456-9540
	Sally Smith 500 Great Street Yowntown, MT 55555	
Date <b>September 1, 2006</b>	<small>DEPOSITOR'S NAME</small>	
<small>SIGN HERE FOR CASH RECEIVED</small>		
Guardian Angel Banking 423 South 15th Yowntown, MT 55555		
<b>0123456789 : 1234567890 *</b>		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT	\$	

## ○ Date

- The date the deposit is being made

# COMPLETING A DEPOSIT SLIP

*Deposit Slip*      93-456-9540



*Sally Smith*  
500 Great Street  
Yowntown, NJ 55555

Date September 1, 2006      0206

*Sally Smith*  
SIGN HERE FOR CASH RECEIVED


*Guardian Angel Banking*  
423 South 15th  
Yowntown, NJ 55555

CASH	Dollars	Cents
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
<b>NET DEPOSIT</b> \$		

**0123456789 : 1234567890 \***

- Signature Line
  - Sign this line to receive cash back


# COMPLETING A DEPOSIT SLIP

Deposit Slip		93-456-9540
	Sally Smith 500 Great Street Yountown, MT 55555	
Date <u>September 1, 2006</u>		
<u>Sally Smith</u> <small>SIGN NAME FOR CASH RECEIVED</small>		
Guardian Angel Banking 423 South 15th Yountown, MT 55555		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
TOTAL FROM OTHER SIDE		
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT	\$	

## ○ Cash

- The total amount of cash being deposited

# COMPLETING A DEPOSIT SLIP

Deposit Slip		93-456-9540	
	Sally Smith 500 Great Street Yountown, MS 55555		
Date	September 1, 2006		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>			
	Sally Smith		
<small>Guardians</small>	<small>SIGN HERE FOR CASH RECEIVED</small>		
<small>Angel Banking</small>			
<small>423 South 15th</small>			
<small>Yountown, MS 55555</small>			
<b>0123456789 : 1234567890 *</b>			
CASH		Dollars	Cents
CHECKS LIST SINGLY			
Piggly Wiggly #5678		154	01
TOTAL FROM OTHER SIDE			
SUBTOTAL			
* Less Cash Received			
NET DEPOSIT			

## ○ Checks

- List each check individually
  - Identify each check on the deposit slip by abbreviating the name of the check writer


# COMPLETING A DEPOSIT SLIP

CHECKS LIST SINGLY	Dollars	Cents
1. Fran Smith #601	20	00
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL ENTER ON FRONT	\$ 20	00

## ○ Checks


- If more checks are being deposited than number of spaces on the front, use the back
- List each check
- Add the total, enter it on the front

# COMPLETING A DEPOSIT SLIP

<i>Deposit Slip</i>		
93-456-9540		
 <p>Sally Smith 500 Great Street Yountown, MS 55555</p>		
Date	September 1, 2006	
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
<p>Sally Smith</p> <hr/> <p><small>Guardians</small>      <small>SIGN HERE FOR CASH RECEIVED</small></p> <p><small>Angel Banking</small> 423 South 15th Yountown, MS 55555</p>		
<b>0123456789 : 1234567890 *</b>		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
Piggly Wiggly #5678	154	01
TOTAL FROM OTHER SIDE	20	00
SUBTOTAL		
* Less Cash Received		
NET DEPOSIT		

- Total from Other Side
  - The total amount from all checks listed on the back


# COMPLETING A DEPOSIT SLIP

Deposit Slip		
 <p>Sally Smith 500 Great Street Yountown, MS 55555</p>		
93-456-9540		
Date	September 1, 2006	
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
<p>Sally Smith</p> <p><small>Signature</small>      <small>SIGN HERE FOR CASH RECEIVED</small></p> <p><small>Guardians</small> Angel Banking 423 South 15th Yountown, MS 55555</p>		
0123456789 : 1234567890 *		
CASH	Dollars	Cents
CHECKS LIST SINGLY		
Piggly Wiggly #5678	154	01
TOTAL FROM OTHER SIDE	20	00
<b>SUBTOTAL</b>	<b>174</b>	<b>01</b>
* Less Cash Received		
<b>NET DEPOSIT</b>		

## ○ Subtotal

- The total amount of cash and checks

# COMPLETING A DEPOSIT SLIP


Deposit Slip		93-456-9540	
	<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		
Date	<u>September 1, 2006</u>		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>			
	<u><i>Sally Smith</i></u>		
<small>Guardian</small>	<small>SIGN HERE FOR CASH RECEIVED</small>		
<i>Angel Banking</i> 423 South 15th Yountown, MS 55555			
<b>0123456789 : 1234567890 *</b>			
CASH		Dollars	Cents
CHECKS LIST SINGLY			
Piggly Wiggly #5678	154		01
TOTAL FROM OTHER SIDE	20		00
SUBTOTAL	174		01
* Less Cash Received	30		00
NET DEPOSIT			

## ○ Less Cash Received

- The amount of cash back being received
- This amount is not deposited into account



# COMPLETING A DEPOSIT SLIP


Deposit Slip		93-456-9540	
	Sally Smith 500 Great Street Yountown, MS 55555		
Date	September 1, 2006		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>			
	Sally Smith		
<small>Guardian</small>	<small>SIGN HERE FOR CASH RECEIVED</small>		
<small>Angel Banking</small>	<small>423 South 15th</small>		
<small>Yountown, MS 55555</small>			
<b>0123456789 : 1234567890 *</b>			
CASH		Dollars	Cents
CHECKS LIST SINGLY			
Piggly Wiggly #5678	154		01
TOTAL FROM OTHER SIDE	20		00
SUBTOTAL	174		01
* Less Cash Received	30		00
NET DEPOSIT	144		01

## ○ Net Deposit

- The amount being deposited into the account
- To calculate the amount, subtract the cash received from the subtotal

# WORKSHEET ANSWER

**Deposit Slip**      93-456-9540



Sally Smith  
500 Great Street  
Yountown, MT 55555

Date: September 2, 2006

DEPOSITS Sally Smith MAY NOT BE A VAIL.      SSS

Guardian Angel Banking  
423 South 15th  
Yountown, MT 55555

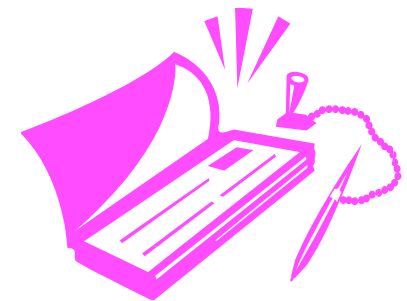
**0123456789 : 1234567890 \***

	Dollars	Cents
CASH		
CHECKS LIST SINGLY		
Lonni James #598	50	00
TOTAL FROM OTHER SIDE	101	00
SUBTOTAL	151	00
* Less Cash Received	15	00
NET DEPOSIT \$	136	00

CHECKS LIST SINGLY	Dollars	Cents
1. Sarah Lanning #4459	86	00
2. Roberta Smith #692	15	00
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL ENTER ON FRONT	\$ 101	00

# WRITING A CHECK

- To pay for items using a checking account
  - A check is given as a form of payment
  - Must be completed and given to the person or business
- Pre-printed items on a check
  - Name and address of account holder
  - Name and address of financial institution
  - Check number
  - Identification numbers (account, routing)



# WRITING A CHECK

*Sally Smith*  
*500 Great Street*  
*Yourtown, MS 55555*

93-456-9540  
 45086244786

301

*Date* \_\_\_\_\_

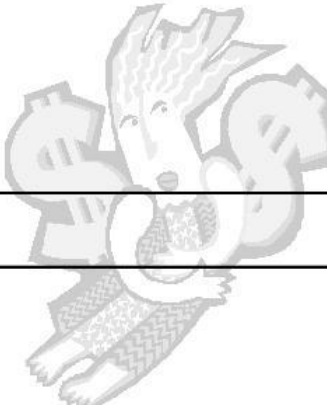
*Pay to the*  
*Order of* \_\_\_\_\_

\_\_\_\_\_ *Dollars*

*Guardian Angel Banking*  
*423 South 15th*  
*Yourtown, MS 55555*

*Memo* \_\_\_\_\_

**0123456789 : 1234567890 : 301**



## ○ Personal Information

- Account holder's name and address
- May include a phone number, not required
- DO NOT list a social security number for safety reasons

# WRITING A CHECK

*Sally Smith*  
*500 Great Street*  
*Yountown, MS 55555*

93-456-9540  
 45086244786

301

Date September 2, 2006


Pay to the  
 Order of \_\_\_\_\_

\_\_\_\_\_ Dollars

*Guardian Angel Banking*  
*423 South 15th*  
*Yountown, MS 55555*

Memo \_\_\_\_\_

0123456789 : 1234567890 : 301



- (a) Date
  - The date the check is written

# WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		<i>Date</i> <u>September 2, 2003</u>	
<i>Pay to the</i> <i>Order of</i>	<b>GAS 'N' GO</b>		<input type="text"/>
			<i>Dollars</i>
<i>Guardian Angel Banking</i> 423 South 15th Yountown, MS 55555			
<i>Memo</i>			
<b>0123456789 : 1234567890 : 301</b>			

- (b) Pay to the Order of
  - The name of the person or business to whom the check is being written

# WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		<i>Date</i> <u>September 2, 2003</u>	
<i>Pay to the</i> <i>Order of</i> _____	<b>GAS 'N' GO</b>		<b>\$15.<u>78</u></b>
			<i>Dollars</i>
<i>Guardian Angel Banking</i> 423 South 15th Yountown, MS 55555			
<i>Memo</i> _____			
<b>0123456789 : 1234567890 : 301</b>			

- (c) Amount of the Check in Numerals
  - The amount of the check written numerically in the box
  - Write the cents smaller and underline
  - Write the numbers directly next the dollar sign to prevent someone else from adding numbers to change the amount

# WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date <u>September 2, 2003</u>	
Pay to the Order of	<b>GAS 'N' GO</b>		\$15. <sup>78</sup>
<b>FIFTEEN AND 78/100</b>			Dollars
Guardian Angel Banking 423 South 15th Yountown, MS 55555			
Memo _____			
0123456789 : 1234567890 : 301			

## ○ (d) Amount of the Check in Words

- The amount of the check written in words on the second line
- Start at the far left of the line, write the amount in words, followed by 'and', and the amount of cents over 100; draw a line from the end of the words to the word 'dollars'



# WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date	<u>September 2, 2003</u>
Pay to the Order of	<b>GAS 'N' GO</b>		<b>\$15.<sup>78</sup></b>
<b>FIFTEEN AND 78/100</b>			<b>Dollars</b>
Guardian Angel Banking 423 South 15th Yountown, MS 55555			
Memo	<b>GAS</b>	<i>Sally Smith</i>	
<b>0123456789 : 1234567890 : 301</b>			

## ○ (e) Signature

- The account holder's signature agreeing to the transaction

# WRITING A CHECK

*Sally Smith*  
500 Great Street  
Yountown, MS 55555

93-456-9540  
45086244786

301

Date September 2, 2003

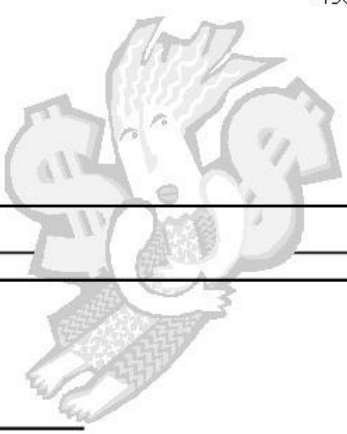
Pay to the Order of GAS 'N' GO \$15.<sup>78</sup>

FIFTEEN AND 78/100 Dollars

Guardian Angel Banking  
423 South 15th  
Yountown, MS 55555

Memo GAS

0123456789 : 1234567890 : 301



## ○ (f) Memo

- Space used to identify the reason for writing a check; optional
- Good place to write information requested by a company when paying a bill, generally the account number

# WRITING A CHECK

<i>Sally Smith</i> 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	301
		Date	<u>September 2, 2003</u>
Pay to the Order of	<b>GAS 'N' GO</b>		\$15. <sup>78</sup>
<u>FIFTEEN AND 78/100</u>			Dollars
Guardian Angel Banking 423 South 15th Yountown, MS 55555		<i>Sally Smith</i>	
Memo	<u>GAS</u>		
<b>0123456789 : 1234567890 : 301</b>			

## ○ Identification Numbers

- (g) First - routing numbers to identify the account's financial institution
- (h) Second - account number
- (i) Third - check number

# WRITING A CHECK

*Sally Smith*  
500 Great Street  
Yountown, MS 55555

93-456-9540  
45086244786

**301**

Date \_\_\_\_\_


Pay to the  
Order of \_\_\_\_\_

\_\_\_\_\_ Dollars

*Guardian Angel Banking*  
423 South 15th  
Yountown, MS 55555

Memo \_\_\_\_\_

**0123456789 : 1234567890 : 301**



- (i) Check Number
  - Numbers used to identify checks
  - Printed chronologically

# WRITING A CHECK

*Sally Smith*  
500 Great Street  
Yountown, MS 55555

93-456-9540  
45086244786

**301**

Date \_\_\_\_\_

Pay to the  
Order of \_\_\_\_\_

\_\_\_\_\_ Dollars

*Guardian Angel Banking*  
423 South 15th  
Yountown, MS 55555

Memo \_\_\_\_\_

0123456789 : 1234567890 : 301

- (j) Transit Number
  - Used to list checks on a deposit slip

# WORKSHEET ANSWERS

Sally Smith 500 Great Street Yountown, MT 55555		93-456-9540 45086244786	302
		Date	<u>September 3, 2006</u>
Pay to the Order Of:	<u>Aspen Properties</u>		\$ <u>375.00</u>
<u>Three hundred, seventy-five dollars and no/100</u>			<u>Dollars</u>
Memorandum	<u>rent</u> <i>Guardians Angel Basketing</i>	<u>Sally Smith</u>	
⑆123456789 : 1234567890 : 302			

# WORKSHEET ANSWERS

Sally Smith 500 Great Street Yountown, MS 55555		93-456-9540 45086244786	303
		Date	<u>September 6, 2006</u>
Pay to the Order Of:	<u>Hungry Man</u>		\$ <u>27.<sup>32</sup></u>
<u>Twenty seven dollars and 32/100</u>			<u>Dollars</u>
Memorandum food	Guendine Vogel Beebieg	<u>Sally Smith</u>	
⑆123456789 : 1234567890 : 303			

# CHECK 21 AND OVERDRAFT

- Check Clearing for the 21<sup>st</sup> Century Act (Check 21)
  - When a check is written, the money is automatically withdrawn from a bank account
  - Makes “bouncing checks” difficult
- Overdraft protection from a depository institution
  - Consumers may choose to allow their depository institution to accept transactions which will exceed their available balance and be charged a \$20-\$30 transaction fee.
  - Or, a consumer may choose to allow a transaction to be declined if there are not sufficient funds.

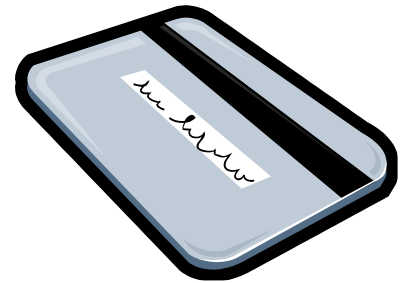


# DEBIT CARD

- Plastic card that looks like a credit card
- Electronically connected to a bank account
- Money is automatically taken from the bank account when purchases are made
- Requires a PIN (personal identification number)
  - Confirms the user is authorized to access the account

# TO USE A DEBIT CARD

- Swipe it through the store machine or put into an ATM
- Enter the PIN
- Complete transaction



# DEBIT CARD

- **Account Number**—Links all purchases made with the card to a designated bank account
- **Expiration Date**— The debit card is valid and may be used until this date
- **Cardholder's Name**— The cardholder's full name is written out and displayed.
- **Magnetic Strip**— When the debit card is swiped, the magnetic strip automatically withdraws funds from the cardholder's account.

# DEBIT CARD

- **Authorized Signature**— Sign in the signature box on the back of the debit card to authorize payments
  - Should also write, “See ID” in the signature box
  - Ensures the person using the card is authorized to do so
- **Verification Number**— This three digit code is located on the back of the card in the signature area
  - Help ensure the card is in the cardholder’s possession when making purchases
  - Prevents unauthorized use

# CHECKING ACCOUNT REGISTER

- Place to record all monetary transactions for a checking account
  - Deposits, checks, ATM use, debit card purchases, additional bank fees
- Used to keep a running balance of the account
- Remember
  - Record every transaction!

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		✓ T	FEE (IF ANY)	BALANCE	
			\$		\$			\$	\$	
9/03			\$		\$			\$	\$	

## ○ Date

- The date the check was written or transaction was made

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		✓ T	FEE (IF ANY)	BALANCE	
			\$		\$				\$	\$
9/03	<b>301</b>		\$		\$			\$	\$	

## ○ Number

- The number of the written check; if a debit card or ATM was used, write DC or ATM

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		✓ T	FEE (IF ANY)	BALANCE	
			\$		\$			\$	\$	
9/03	301	<b>Gas 'N' Go</b>	\$		\$			\$	\$	
		<b>Gas</b>								

## ○ Description of Transaction

- The person/business the check was written to or where the debit card was used
- Gray line can be used to write the memo



# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		✓ T	FEE (IF ANY)	BALANCE	
			\$		\$				\$	\$
9/03	301	Gas 'N' Go	\$	15 78	\$			\$	\$	
		Gas								

## ○ Payment/Debit(-)

- Amount of the transaction
- Deducted from the balance

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
			\$		\$ 100	00		\$	\$	

## ○ Deposit/Credit(+)

- Amount of the transaction
- Added to the balance

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
9/03	301	Gas 'N' Go	\$ 15	78	\$			\$	\$	
		Gas								

## ○ ✓ T

- A box used to track whether the check has cleared on the monthly bank statement when reconciling at the end of each month

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		DEPOSIT/CREDIT		✓ T	FEE (IF ANY)	BALANCE	
			(-)		(+)				\$	\$
9/03	301	Gas 'N' Go	\$ 15	78	\$			\$	\$	
		Gas								

## ○ Fee (if any)

- Any extra fees charged to the account
- Listed on the bank statement

# CHECK REGISTER

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/ DEBIT (-)		DEPOSIT/ CREDIT (+)		√ T	FEE (IF ANY)	BALANCE	
									<b>\$ 275.00</b>	
9/1	DEP	Deposit			144	01			<b>144</b>	<b>01</b>
		September Paycheck							<b>419</b>	<b>01</b>

## ○ Balance

- The running total of the checking account
- Calculated by adding or subtracting each transaction
- Keep this updated

# MONTHLY BANK STATEMENT

- Lists each monetary transaction and the current account balance for a specified time period
- Includes:
  - Dates
  - Identification for each transaction (number or type, date, amount)
  - Transaction amounts for withdrawals and/or deposits
  - Interest earned (if applicable)
  - Fees or charges (if applicable)

# MONTHLY BANK STATEMENT

- Lists each transaction and current account balance
  - Deposits
  - Checks
  - Debit Card transactions
  - ATM transactions
  - Additional fees




# RECONCILING A CHECKING ACCOUNT

- Reconcile
  - Balance the checkbook register each month to the balance shown on the statement
- Do this every month to ensure the correct balance in the checkbook
  - Knowing the correct balance can help to avoid bouncing checks













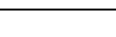

# STEPS FOR RECONCILING

- View the monthly bank statement and check register



GUARDIAN ANGEL BANKING 423 SOUTH 15TH YOURTOWN, MT 55555		 STATEMENT FOR: SALLY SMITH 500 GREAT STREET YOURTOWN, MT 55555	
<i>THIS STATEMENT COVERS: 9/1/06 THROUGH 9/30/06</i>			
CHECKING ACCOUNT #1234567890	Previous Statement Balance on 8/31 Total Deposits Total Withdrawals New Balance	\$ 275.00 \$ 280.01 + \$ 463.60 - \$ 91.41	
DEPOSITS AND OTHER CREDITS	<u>Date Posted</u> 9/3 9/5 Total Deposits	<u>Transaction</u> Deposit at South 15th Branch Deposit at South 15th Branch	<u>Amount</u> \$ 144.01 \$ 136.00 \$ 280.01
WITHDRAWALS	<u>Date Posted</u> 9/3 9/4 9/7 9/9 Debit Card 9/16 ATM 9/16 ATM Fee Total Withdrawals	<u>Check #</u> 301 302 303 The Video Store Cash Bank Fee	<u>Amount</u> \$ 15.78 \$ 375.00 \$ 27.32 \$ 3.50 \$ 40.00 \$ 2.00 \$ 463.60

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		V T	FEE (IF ANY)	BALANCE
									<b>\$ 275.00</b>
9/1	DEP	Deposit			144	01	✓		144 01
9/2	301	Gas 'N' Go	15	78					15 78
9/2	DEP	Deposit			136	00			136 00
9/3	302	Aspen Properties Rent	375	00					375 00
9/6	303	Hungry Man Food	27	32					27 32
9/9	DC	The Video Store Movie Rental	3	50					3 50
9/16	ATM	Cash Cash	40	00					40 00
9/16	ATM	Bank Fee Bank Fee	2	00					2 00
9/30	304	The Clothing Shoppe Jeans	43	72					43 72
9/30	DC	Ice Cream Creamery Ice Cream	2	75					2 75
9/30	DEP	Deposit Lawn Mowing			30	00			30 00

Place a check mark in the  $\checkmark$  T column for all transactions that have been cleared and are shown on the bank statement

DATE	NUMBER	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT (+)		$\checkmark$ T	FEE (IF ANY)	BALANCE	
									<b>\$ 275.00</b>	
9/1	DEP	Deposit			144	01	$\checkmark$		144	01
9/2	301	Gas 'N' Go	15	78			$\checkmark$		15	78
9/2	DEP	Deposit			136	00	$\checkmark$		136	00
9/3	302	Aspen Properties	375	00			$\checkmark$		375	00
		Rent					$\checkmark$			
9/6	303	Hungry Man	27	32			$\checkmark$		27	32
		Food					$\checkmark$			
9/9	DC	The Video Store	3	50			$\checkmark$		3	50
		Movie Rental					$\checkmark$			
9/16	ATM	Cash	40	00			$\checkmark$		40	00
		Cash					$\checkmark$			
9/16	ATM	Bank Fee	2	00			$\checkmark$		2	00
		Bank Fee					$\checkmark$			
9/30	304	The Clothing Shoppe	43	72					43	72
		Jeans								
9/30	DC	Ice Cream Creamery	2	75					2	75
		Ice Cream								
9/30	DEP	Deposit			30	00			30	00
		Lawn Mowing								

## Determine the current account balance from the bank statement

GUARDIAN ANGEL BANKING 423 SOUTH 15TH YOURTOWN, MT 55555			STATEMENT FOR: SALLY SMITH 500 GREAT STREET YOURTOWN, MT 55555	
<i>THIS STATEMENT COVERS: 9/1/06 THROUGH 9/30/06</i>				
CHECKING ACCOUNT #1234567890	Previous Statement Balance on 8/31		\$ 275.00	
	Total Deposits		\$ 280.01 +	
	Total Withdrawals		\$ 463.60 -	
	New Balance		\$ 91.41	
DEPOSITS AND OTHER CREDITS	<u>Date Posted</u>	<u>Transaction</u>	<u>Amount</u>	
	9/3	Deposit at South 15th Branch	\$ 144.01	
	9/5	Deposit at South 15th Branch	\$ 136.00	
	Total Deposits		\$ 280.01	
WITHDRAWALS	<u>Date Posted</u>	<u>Check #</u>	<u>Amount</u>	
	9/3	301	\$ 15.78	
	9/4	302	\$ 375.00	
	9/7	303	\$ 27.32	
	9/9 Debit Card	The Video Store	\$ 3.50	
	9/16 ATM	Cash	\$ 40.00	
	9/16 ATM Fee	Bank Fee	\$ 2.00	
	Total Withdrawals		\$ 463.60	

Add any **outstanding deposits** – transactions that have not cleared the bank

Deposits Outstanding		
Date	Amount	
9/30	30	00
Total	<b>30</b>	<b>00</b>

## Calculate the Subtotal

ENTER	
Bank Statement Balance	\$ <u><b>91.41</b></u>
ADD (+)	
Outstanding Deposits	\$ <u><b>30.00</b></u>
SUBTOTAL (=)	\$ <u><b>121.41</b></u>
SUBTRACT (-)	
Outstanding Withdrawals	\$ <u><b>D</b></u>
CALCULATE (=)	
Total should be the same as the checkbook register	\$ <u><b>E</b></u>

Subtract any outstanding withdrawals and calculate

ENTER	
Bank Statement Balance	\$ <u>91.41</u>
ADD (+)	
Outstanding Deposits	\$ <u>30.00</u>
SUBTOTAL (=)	\$ <u>121.41</u>
SUBTRACT (-)	
Outstanding Withdrawals	\$ <u><b>46.47</b></u>
CALCULATE (=)	
Total should be the same as the checkbook register	\$ <u><b>74.94</b></u>

Compare the total with the checkbook register. If the totals are different, double check the math and make sure all service fees and bank charges are recorded in the check register.

# CHECKING ACCOUNT SAFETY

- If a checkbook, ATM, and/or debit card becomes lost or stolen
  - Immediately report it to the financial institution
  - File a report with the police
- Reported lost/stolen checkbook:
  - Financial institutions generally do not hold the account holder liable for any fraudulent charges

# SAFETY CONTINUED

- Reported lost/stolen ATM/debit card:
  - Within 2 business days
    - Cardholder is only liable for \$50.00
  - Longer than 2 business days
    - Could be liable for up to \$500.00
  - Varies depending upon the financial institution
    - May not charge the account holder anything if the correct steps were taken to report the lost/stolen card

# QUESTIONS?