Checkbook balance pdf

By Pierre Lehu When using a checkbook, you need to know basic additions and subtraction to keep it balanced. Balancing a checkbook means that you have registered all charges (deposits) made to your account and sub-withdrawals(withdrawals). Each deposit and withdrawal is called a transaction. The purpose of balancing a checkbook is to know how much actual money you have in your checking account at all times. What is a checkbook register? Step one in balancing the checkbook is to mark all transactions in your registry, which come with your checkbook. The register is a small booklet where you write down each transaction (check, ATM withdrawals, debit card payment or deposit.) Your registry will probably have at least six columns: Number: Check number. Date: The date that you made the transaction. Description: To whom the check was written, or if you made an ATM withdrawal, or used your debit card. Amount or debit: The exact sum of the check, withdrawal, or payment. Deposits: This is where you mark any deposits such as paychecks, cash gifts (from a super-wealthy relative, perhaps?), money you may have transferred from a savings account to your checking account, and so on. Balance: The actual amount of money in your account. You start with an inbound balance (how much money you had when you opened the checking account). And then, by deducting all checks, withdrawals, payments and bank fees, and by adding deposits or interest payments, you will arrive at your balance for that day. Checkbook no-no: A returned check The lower your balance, the more important it is for you to be precise in recording all transactions; thus, you avoid jumping a check. A returned check is a check that the bank has returned (returned back) to you because it is worthless; That is, the check is for an amount greater than the actual amount of money you have left in your account. For example, if you send the phone company a check for $100, but the actual balance is only $75, that check will bounce. When the phone company presents that check to your bank for payment, it will get a notification that your account does not have sufficient funds. Your bank will charge you a fee, in the range of $25 to $50 (this is a fee that you should ask when opening an account) and the other party's bank will charge them a fee, too. So jumping a check is not only embarrassing, it can be quite costly. Protect yourself from jumping a check by having overdraft protection; ask your bank if it offers this service. The bank will then honor your returned checks, but start charging you interest, usually at a high interest rate, from day one. To avoid skipping a check, you need to know how much money is in your account, which you make by balancing the checkbook. (Going online or to an ATM to check your balance will not give you an exact number if you have any outstanding checks, that is, checks you have written that have not yet been presented to the bank for The most common mistakes when holding a checkbook The most common mistakes when holding a checkbook are forgetting to record each transaction, and forgetting to register it when it happens. Yes, your monthly statement will give you information about checks you've written, or an ATM withdrawal or debit card payment — but when your bank statement comes in, you could have written more checks that remain outstanding. If you always have more money in your account than you spend each month, you're safe. But if your balance is usually low by the end of the month, the more careful you need to be in making sure you know how much money you actually have. To avoid making mathematical mistakes, buy a registry cover with a built-in calculator. Some even keep track of your balance for you, provided you enter all transactions. When your statement comes in, you should compare it to your registry, fix any errors, such as the times you took money from an ATM and not register it when you got home. Of course, you can also just believe the bank and adjust the balance in your register to accept your bank's closing balance on the closing date, which you can also do at any time by checking in line or in an ATM. But remember, your actual balance sheet may be less than what your bank says if you have outstanding checks. Be honest. Do you faithfully balance your chequebook to penny every month? Balancing your checkbook is one of the most basic habits of good money management, but millions of Americans don't do it regularly. There are different reasons why your checkbook can be unbalanced. For example, some people may choose not to register pennies on the checks they write. Then there are people who write fake amounts in the checkregister to trick themselves into thinking that they have less money than they really do, so they can be pleasantly surprised later, or to give a cushion for mistakes. And there are also people who only balance the checkbook once a year when they do their taxes. Whatever the reason, there is a strong case to be made to keep an eye on what comes in and exit your checking account. Knowing how to balance your checkbook - even if you don't write many checks, or anyone at all - is an important skill to master. You might consider balancing your checkbook to be an old-fashioned chore. After all, thanks to online and mobile banking and budgeting apps that track your expenses for you, who needs to write down by hand what they use or put into checking every month? It's true that fintech can make it easier to manage your money, but there are still very good reasons to make balancing the checkbook portion of your financial routine. Balancing the checkbook is a way to verify that your records (checkbook register) match your bank's records, as shown in your monthly statement. This can be important in defending against financial fraud. For example, identity thieves may try to pass through a small on just a few cents or dollars in your checking account to see if it triggers a response. If it goes unnoticed, they may try dipping into your account for a larger amount. Checking your records can help avoid such scenarios. Even if your bank processes thousands of transactions accurately, it can make mistakes, and you usually only have 60 days to inform your bank of the error. If you don't balance your checkbook monthly, you may not even find the error in 60 days. Even more likely is the possibility that you have made a mathematical error in the checkbook register, which you hardly find unless you balance the checkbook every month. If you make a mistake or forget to post an ATM withdrawal, debit card purchase or other transaction in the checkbook register, you can start skipping checks and incurring overdrafts, non-sufficient funds or other fees. If you don't correct the issue quickly, you can often incur a number of returned check fees or more than one fee for the same check if the person check was written to reinsert it right away in the hope that your balance will now cover the sum. These fees can easily eat into your balance, potentially putting you in the red - and in debt to the bank. If there's a problem at some point, it's much harder to wade through months of transactions to figure it out. If you've balanced your checkbook every month, the most you ever need to do is look at the last month's transactions. Sometimes people make such a mess of the checkbook by not regularly balancing that they have to close their account and open another. Unfortunately, the basic money management task of balancing our checkbooks is not taught in most schools and usually not taught by our parents. If you've just started on your own, or you have your first bank account, or you just never got the habit of balancing your checkbook regularly, here are some easy to follow the instructions on how to do it. Find out your current balance in checking, which your bank can list as available or end balance. You should be able to find this amount by checking using your online or mobile banking app. Log this amount at the top of the checkbook register on the specified site. Record any pending transactions in the checkbook register, including both debits and credits, as well as checks you've written that haven't been cleared yet. Include the date of the transaction, a description of the transaction, and the amount. If entry checks, also write down the check number. Some people like to use duplicate copy checks, so they always have an overview of who they've issued a check to and for what amount. Starting with the first transaction you enter, deduct the amount from the available balance – in case a deposit adds it to your balance. Then, register the new amount on the next line in the registry. Continue to do this for all transactions Compare the total withdrawal amounts and deposits on register for the information available from your online or mobile banking app. If your closing balance matches what you have in your checkbook, when all deposits and withdrawals are included, the checkbook is balanced. If the checkbook is not added up correctly, you may need to go back longer. Start with the latest statement and use it as a guide for reconciliation of transactions. Commit to balancing your checkbook on a weekly basis, which may be easier than trying to do it once a month or less often. Recording transactions daily, then balancing at the end of the week, can help keep the system as simple and flawless as possible. Possible.