

## Tips on Managing Your Checking Account

### How to Successfully Manage Your Checking Account

*By Liberty Check Printers*

Credit Union members have access to one of the most powerful checking account management tools available - the duplicate check.

Because it gives an instant and permanent record of all checks written and eliminates having to contend with loose checks returned in the mail, the duplicate check provides you with a convenient means of checking account management and personal finance management.

Liberty Check Printers recognizes the duplicate check's significance to Credit Union members. This is why we have created this straightforward and easy to read "How to Successfully Manage Your Checking Account" guide.

### The Importance of Successful Checking Account Management

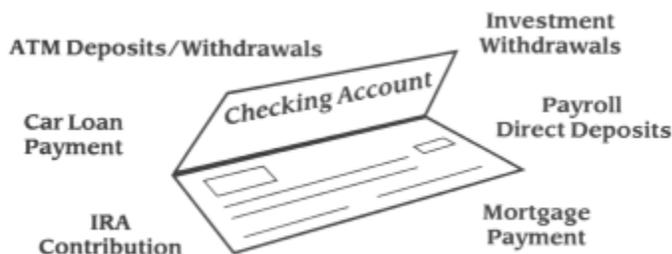
Knowing how to successfully manage your checking account is important. Successful checking account management will give you better control over your day-to-day finances and can lead to your having more control over the rest of your personal finances.

The key to successful checking account management is organization.

If you manage your checking account in an organized manner, you will have the capability to conduct your other personal finances (debt management, investments, retirement planning, etc.) in a similar way.

### How does your checking account fit into your personal finance picture?

Your checking account acts as a hub center for a variety of personal finance transactions. Take a look at the illustration below:



Notice the great number of varying financial transactions that can interact with your checking account. Some of these transactions, like mortgage payments, car payments and retirement savings payments are of great consequence.

With so many important financial transactions relying on your checking account, it is crucial that you manage it successfully. Successful checking account management will reduce the chance of checking account fraud, NSF (non-sufficient funds) occurrences and late payments, all of which can negatively affect your reputation and also harm your credit record.

In order to manage your checking account successfully, you need to understand the three following checking account management principles: check writing, check endorsing, and checking account balancing.

## **Checking Account Management Principle #1**

### *Check Writing*

With a Credit Union checking account, you are likely to use a checkbook containing duplicate checks. As mentioned earlier in this guide, the duplicate check is one of the best tools available to manage your checking account and personal finances.

Your checkbook contains a combination of regular checks and duplicate checks. The duplicate check is the carbonless form located directly under each check. All the information written on a check is copied instantly onto the duplicate check, giving you a permanent record of each check you write.

Each box of checks you receive will normally contain checks in books of 25 each. Each check is numbered in sequential order by a serial number located in the top right-hand corner of the face of the check.

After you receive your box of checks, place the book with the lowest number inside your checkbook's protective cover. Before you write a check, make sure you place the clear plastic divider under both the check and the duplicate check. This will prevent what you write from filtering through to the remaining duplicate checks in the checkbook. After you write the check, remove only the check and not the duplicate check. Duplicate checks should remain in your checkbook.

Upon removing the check, place the clear plastic divider under the next check / duplicate check set. If you have time, record the check in your register. If you don't have time to do this right away, you can do it later thanks to the permanent record offered by the duplicate check.

### *How to write a check*

To learn how to properly write a check, follow the steps below.

1. Record the month and day.
2. Record the last two digits of year.
3. Record the name of the business or person you are paying. For safety reasons, it is recommended that you draw a line after the name. This will prevent any fraudulent attempts to alter it. For the same reason, it is advised that you do not use abbreviations on the "PAY TO THE ORDER OF" line.
4. Record the dollar amount using numbers. Print numbers as close as possible to the dollar sign. This will make it difficult for anyone to increase the amount by inserting an extra number.
5. Print the dollar amount in capital letters. Printing is more difficult to alter than handwriting. Beginning at the far left, print the amount and draw a line to the right of the last word. Then, at far right, record the cents as a fraction of 100. If no cents are involved in the transaction, record "NO/100."
6. Sign your name with the legal signatures you used on your signature card when you opened your checking account.
7. If you wish, you can note the purpose for which you are writing the check in the memo space.

If you make a mistake when writing a check, write in a correction and initial it. If the correction cannot be made neatly, write "VOID" across the check and record it in your register by serial number and start over. As an added precaution, tear the signature line off of the voided check.

## **Checking Account Management Principle #2**

### *Check Endorsing*

Before depositing a check, it must be endorsed. There are three ways to endorse a check. The first is a blank endorsement, the second is a special endorsement and the third is a restrictive endorsement.

A blank endorsement occurs when you simply sign your name on the top back of the check. Since a check endorsed with a blank endorsement can potentially be negotiable by anyone presenting it for

payment it is recommended that you only use blank endorsements for deposits made in person, where there is minimal risk of fraud.

For increased protection from fraud, you can specify that a check is "for deposit only" above your signature. This is called a special endorsement. By using this type of endorsement, the check can only be deposited to the account of the person whose name is shown on the "PAY TO THE ORDER OF" line. It is recommended that checks being deposited via mail be endorsed in this fashion.

The third method of endorsement, a restrictive endorsement, restricts the use of the check you are depositing. In a restrictive endorsement you can specify "for deposit only to the account of \_\_\_\_\_." This practice virtually ensures that the check will only be deposited where you want it to be deposited.

Each of the above endorsements must be written so that they fit into the top 1 1/2 inches of the back of the check.

### Checking Account Management Principle #3

#### *Checking Account Balancing*

With a balanced checking account, you'll be less susceptible to NSF (non-sufficient funds) occurrences because you will have a clear indication of what your balance is at all times. If you've ever had a check returned NSF, you know how expensive, inconvenient and embarrassing it can be. Furthermore, excessive NSF occurrences can lead to loss of checking account privileges.

To successfully balance your checking account, you should be familiar with the three elements involved in checking account balancing: the checkbook register, the checking account statement and the duplicate check. When used correctly, each of these elements work together to give you a fast and accurate method of checking account balancing.

#### *Checking Account Balancing Element #1: The Checkbook Register*

The checkbook register is the place where you record all of the debit and credit transactions that affect your account. A debit is any transaction that subtracts (-) funds from your account and a credit is any transaction that adds (+) funds to your account. The list below gives you an idea of what types of checking account transactions can be considered debits or credits.

<b>Debits (-)</b>	<b>Credits (+)</b>
Check Clearings	Check Deposits
Check Printing Charges	ATM Deposits
ATM Withdrawals	ACH Deposits*
ACH Payments	EFT Deposits**
EFT Payments**	Cash Deposits
Automatic Loan Payments	Payroll Direct Deposits
Teller Counter Withdrawals	Interest Earnings

\* An ACH transaction is a payment or deposit made automatically through the automated Clearing House.  
 \*\* An EFT transaction is a payment or deposit made automatically through an Electronic Funds Transfer  
 Examples of ACH or EFT transactions are recurring payments or deposits like monthly insurance premiums, utility payments, stock contributions, stock withdrawals, etc.

The above transactions should be recorded in your checkbook register on the dates they occur. In addition, you should also record all voided checks in your register.

Below is a sample page from a checkbook register:

CHECK NO.	DATE	DESCRIPTION OF TRANSACTION OR WITHDRAWAL	(1) AMOUNT OF PAYMENT		✓	(2) AMOUNT OF DEPOSIT OR INTEREST	BALANCE		
			D	T			500	00	
450	6/10	TO Bob's Bat Store	12	18			-12	18	
TYPE		FOR Jobbed					487	82	
	6/11	TO ATM Withdrawal	20	00			-20	00	
TYPE		FOR					467	82	
	6/12	TO Deposit				687	22	687	22
TYPE		FOR					1155	04	
451		TO Void							
TYPE		FOR					1155	04	
452	6/14	TO ABC Grocery	85	11			-85	11	
TYPE		FOR					1069	93	

The inside cover of your checkbook register includes instructions regarding checkbook register use.

### *Checking Account Balancing Element #2: The Checking Account Statement*

The purpose of your checking account statement is two-fold. First, it provides you with your Credit Union's official record of your checking account activity, and second, it aids in checking account balancing. The special work sheet located on the reverse side of most Credit Union statements is specifically meant for this purpose.

Your statement shows all the debits (check clearings, ATM withdrawals, ACH payments, etc.) and credits (deposits, ATM deposits, interest dividends, etc.) that occur during the statement period.

### *Checking Account Balancing Element #3: The Duplicate Check*

The duplicate check is the carbonless form located directly under each check you write. All the information written on a check is copied instantly onto the duplicate check. The duplicate check conveniently provides you with a quick record of all the checks you write. This is important in those times when you're in a hurry.

Sometimes there simply isn't enough time to record transaction information in your checkbook register immediately after you write a check. In instances like this, the duplicate check saves the day! It makes an instant copy of your check, and is safely tucked away in your checkbook, ready for you to record in your register when you have time.

Another benefit of the duplicate check is that it can be easily stored. Each duplicate check stays neatly bound in your checkbook. You don't have to worry about filing any loose checks sent back to you via the mail (a common practice among checking accounts at banks).

### *Before Balancing*

Before you begin to balance your checking account, make sure you gather together the three elements of checking account balancing (your checkbook register, your checking account statement and your duplicate checks), your previous month's statement, and any deposit or withdrawal receipts (including ATM transactions) you've collected during the statement period.

First, using your previous month's statement, verify that all checks shown as outstanding did actually clear on your current statement. If not, record them as outstanding again. Then, verify that all outstanding deposits not shown on your previous month's statement were credited to your current statement.

Next, using your current statement as a guide, compare it with your register to identify any debits (service charges, ATM withdrawals, etc.) or credits (interest earnings, ATM deposits, etc.) to your account that have not been recorded in your register. An easy way to do this is to place a checkmark in the appropriate column of your checkbook register after you verify that a debit or credit has cleared your account. After you do this, any blank spaces left in the column should alert you of outstanding debits and credits. You will need to know these amounts when you balance your checking account.

Now you can begin balancing your checking account.

### *Balancing*

Follow the steps outlined in the sample work sheet below. This sample includes the same basic information that appears on the work sheet located on the reverse side of your Credit Union statement.

1. Record the statement balance as it appears on your statement.
2. List all outstanding deposits (those that have not yet been credited to your statement).
3. Add outstanding deposits listed in Step 2 to the statement balance in Step 1 to arrive at a subtotal.
4. Subtract total of outstanding checks (those you have written that have not yet been debited from your account).
5. The resulting figure is your ending balance. This balance should agree with the ending balance in your register.