

Get In Balance

A How-To Guide for Managing Your Checking Account



in balance®

A DIVISION OF BALANCESM
595 MARKET STREET • 16TH FLOOR
SAN FRANCISCO • CA 94105

Checking Account Fundamentals

By learning the fundamentals of checking accounts, you can maintain a positive, long-term relationship with your financial institution.

The most basic and important aspect of checking account management is to ensure there is enough money in your account to cover your transactions.

If you write a check for more than is in your account, the check will be rejected when it comes in for payment. It will be sent back to the person who deposited it and your financial institution will charge you a non-sufficient funds fee (NSF) for “bouncing” it. The merchant you wrote it to will also charge you a returned check fee. You may even be subject to court proceedings that can result in fines and being required to take special money management classes.

Tools for wise checking account management

- Balance your checkbook regularly.
- Review your checking account statement every month.
- Get the most current information about your account by using the telephone, Internet, or ATM.
- Know the fees associated with your accounts.
- Know how your financial institution processes checks. Some process the largest checks first. If your first check bounces, all checks processed that day will bounce as well, each with its own charge.
- Use overdraft protection.
- Use direct deposit. Avoid mail delays or lost and stolen checks by having your paycheck or federal payments deposited electronically.

Overdraft Protection

Checking linked to savings

Funds are transferred from your savings account into your checking account to cover the amount of the overdraft. There may be a transfer fee for the service, but since you are using your own money, you aren't charged interest.

Line of credit

If you overdraw your checking account, money is transferred from your line of credit into your checking account. The money may be transferred in



“Always and Nevers”

Always

- Always discontinue automatic payments before closing your account.
- Always remember that you, not your financial institution, are responsible for monitoring account activity.
- Always notify your financial institution if you change your name or address.

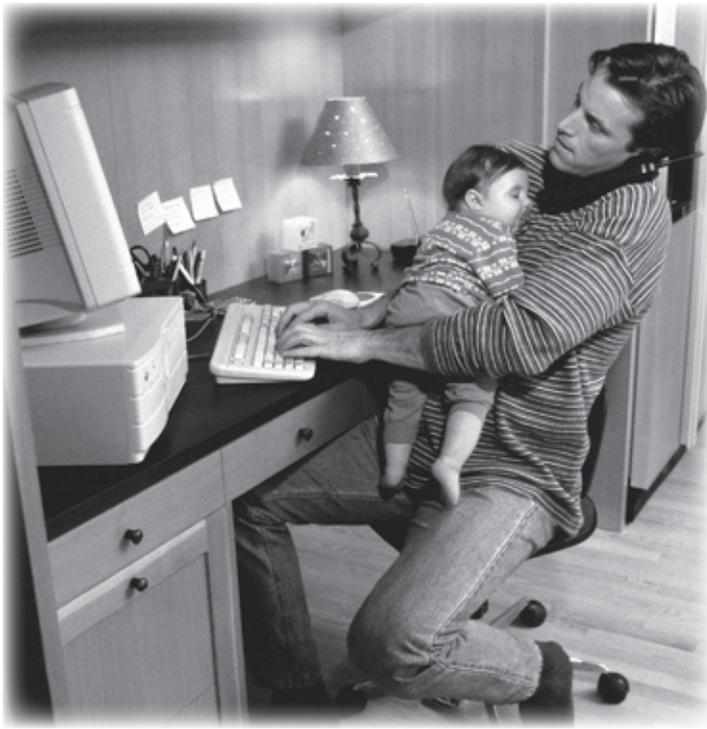
Never

- Never close your checking account by letting it go to a zero balance. If you don't actually close it, fees may continue even with no funds in the account.
- Never give your personal identification number (PIN) to someone else.
- Never use other people's checks, or let others use yours.
- Never write a post-dated check. It can be cashed before the intended date, and if you don't have enough money in your account to cover the check, you will overdraw your account.

amounts larger than your overdraft. For example, if you overdraw your checking account by \$19.00, the institution might transfer \$100.00 into the account. You will pay interest on the transferred amount.

Credit card charge

As with the line of credit, you may be able to arrange with your financial institution to charge your credit card to cover your overdrafts. Again, this may result in more money transferred into your account than would be necessary to cover the overdraft.



ChexSystems

Though checking account problems may stem from a variety of different issues, the result is often the same – the activity being reported to an information network such as ChexSystems. Such a system provides data to financial institutions so they may identify applicants who have a history of account mishandling. If you are on the network, you will find it difficult to open future accounts. There are steps you can take to resolve past problems.

STEP 1: Obtain your report

ChexSystems
Attn. Consumer Relations
12005 Ford Road Suite 600, Dallas, TX 75234
(800) 428-9623
www.chexhelp.com

STEP 2: Resolve the debt

If your report contains a record of an outstanding debt and you have received collection notices from ChexSystems Collection Agency, you may send your payment directly to the collection agency at the address provided in the notice. In other cases, pay the bank or credit union directly. Keep in mind that once you pay the amount owed, the debt's history may still show up on the report.

STEP 3: Dispute incorrect information

Contact ChexSystems if you believe your file contains errors. Have a copy of your report on hand when disputing information.

Credit Bureaus

In addition to acquiring a ChexSystems report, check information that is contained in your other credit files. The three major credit bureaus in the United States are Experian, TransUnion, and Equifax.

It is a good idea to review your own credit report once a year, or before seeking a rental, making a career change, or applying for credit for a large purchase, such as a house or car.

You may receive a free copy of your credit report from each of the credit bureaus once a year. The three credit bureaus have established one central website, telephone number, and mailing address to use for ordering your report.

- Annual Credit Report Request Service
P.O. Box 105281, Atlanta, GA 30348-5281
www.annualcreditreport.com, (877) 322-8228

Additional reports are available for a fee directly from the credit bureaus.

- Experian
Consumer Assistance
PO Box 2104, Allen, TX 75013-2104
www.experian.com, (888) 397-3742
- TransUnion
Consumer Relations
PO Box 390, Springfield, PA 19064
www.transunion.com, (800) 916-8800
- Equifax
Consumer Relations
PO Box 105783, Atlanta, GA 30348
www.equifax.com, (800) 685-1111

Improving Your Credit Report

While it is not possible to remove accurate negative information before the time it drops off the report, you can improve your credit standing through responsible credit use and good payment history.

- Develop a plan to make consistent payments.
- Pay outstanding collection accounts
- Apply for secured credit
- Ask a family member or a friend to co-sign (Repay co-signed debt on time- any late payments will reflect poorly on both your credit report and your co-signer's.)

Smart Money Management

Juggling income, expenses and bill payments is a dangerous but easy trap to fall into. You can, however, avoid overdrawing your account:

- Never write a check and count on the “float” time. With the electronic nature of banking, a check can clear the financial institution the same day you write it.
- Know how much your monthly net income is, and when you get paid.
- Develop an accurate spending plan by tracking your expenses.
- Regularly review your financial situation.

Create a Spending and Savings Plan

Creating a spending and savings plan that works for you will help with checking account maintenance. You will be more organized and aware of where your money is going each month, ensuring you have what you need to cover your checks.

Income

The first step in examining your spending plan is to look at your income. (Complete the Income Form on page 5.)

Expenses

It can be challenging to analyze your expenses. You probably already know what you spend on regular monthly expenses like your rent or mortgage payments, or your car payment. Tracking your everyday expenses, however, can give you a clearer perspective on where your money is really going. (Complete the Monthly Expense Form on page 6.)

Debt

Debt repayment is frequently the biggest challenge we have when it comes to reaching our financial goals. After all, how do you save money for your dream vacation or new house when you have credit cards bills, possibly with very high interest, to pay? By knowing what you owe, you'll be better prepared to commit the funds necessary to tackle your debt. (Complete the Creditor Form on page 5.)

Establishing Savings

A key part of sound financial management is saving for expenses and goals – helping you avoid the “need” or temptation to write a check for more money than is in your account. Even the smallest investment in your future, made every month, can result in a small fortune saved over time.



Use an automatic savings plan. Talk to your employer about having a set amount deducted from your paycheck and deposited into an account before you even see it. Or, your credit union can move money from your checking account to a savings account on a designated day each month.

Delete Your Debt

If debt is busting your budget, commitment is the key to success. First, make a pact with yourself to live a cash-only lifestyle. Before you can reduce your balances, you need to stop increasing them. Close the accounts if you have to. If you keep an emergency credit card, don't carry it with you. Keep it in a secure place in your home.

- Increase your payments to reduce the length of time and the cost of paying your creditors.
- Reduce interest rates to save repayment time and money.
- If you have equity in your home, consider converting high-interest credit card debt to low-interest secured debt – and it is often tax deductible. (Be sure you can handle the payments first!)
- Commit the bulk of your available debt repayment funds to the account that is most expensive and pay the minimum payments on other accounts. As the more expensive accounts pay off, commit the funds to the next most expensive one.

Income Form

Source	Gross	Net
Job		
Spouse's job		
Part-time job		
Rental/room & board received		
Commissions/bonuses		
Tax refunds		
Investment income		
Government benefits		
Unemployment insurance		
Child support/alimony		
Support from family/friends		
Other		
Total		

Creditor Form

	Creditor Name	Interest Rate	Monthly Payment	Current Balance
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

Prevent Checks from Being Lost or Stolen

There is no current federal law to limit your losses if someone steals your checks and forges your signature, though state laws do offer some protection. In most states, the financial institution is responsible for losses from a forged check. However, you are expected to be aware of your account activity, and you may be held responsible for the forgery if you fail to notify the financial institution in a timely manner that a check was lost or stolen.

Take action immediately if you think your checks have been lost or stolen:

- Checks are missing from your checkbook or your reserve supply of checks
- Mail containing checks or account information is “lost” or appears to have been tampered with
- Unauthorized transactions appear on your checking account statement

Only carry checks that you need and keep all others in a secure place. Write checks with thick, dark ink. Draw lines to fill in gaps in the spaces where you designate a payee and the amount of the check. Immediately report irregularities in your checking account statements. Report mail theft or tampering to the U.S. Postal Inspection Service.

Make the Time for Checking Account Management

- It only takes a second to mark your transactions in your checkbook register. Do it every time.
- Keep all ATM receipts in a safe and accessible place and reconcile your checkbook immediately.
- Open and review your checking account statements as they come in.
- Access and maintain your accounts on-line.
- Set aside a specific place in your home for your bills and financial documents. Organize them into logical files for quick and easy access.
- Try the “agenda method” – For each month on your calendar, mark a date and time for checkbook management, just as you would any important appointment.



Use ATM and Debit Cards Wisely

ATM Cards

Financial institutions offer ATM cards to provide their members with account flexibility. An ATM card lets you to withdraw cash, make deposits, transfer money between accounts, check your balance, get a cash advance, and make loan payments at a day and time that is convenient for you.

Debit Cards

A debit card provides the combined benefits of an ATM card and a paper check. You may be able to use it at places other than your financial institution, such as a store or restaurant. Anytime you use a debit card, the money is automatically deducted from your checking account.

Even though it looks like a credit card, it is not the same, and will not provide you with the ability to postpone payment on a purchase. For some debit card transactions, processing may take a day or two. It is important to record the transaction in your check register immediately and assume those funds are no longer available to ensure you don't inadvertently withdraw money meant to be used for a debit transaction.

Fees

You may be charged a fee for ATM and debit card use. Ask your financial institution what type of fees

they charge. When using an ATM that's not part of your financial institution's network, you will often be charged for the convenience.

Lost or stolen ATM/debit cards

Immediately report ATM/debit card loss or theft to your financial institution. According to federal law – the Electronic Fund Transfer Act – you cannot be held responsible for unauthorized transactions if you report the card missing to the financial institution before it's used without your permission. If unauthorized use occurs before you report it, your liability limit depends on when you report the loss:

- \$50 if reported within two business days
- \$500 if you do not report the loss within two business days
- Unlimited liability if you do not report unauthorized transfers within 60 days after your checking statement showing the unauthorized use is mailed to you

Different Types of Checks

When you have a checking account, you generally use personal checks for most of your transactions. However, you may be asked to use another type of check if your merchant or service provider requires a guarantee that the funds will be available when the check is cashed.

- **Personal** – The type of checks you receive when you open a checking account. You may be charged an annual fee for the use of the checking account, as well as the cost of the checks.
- **Certified** – A personal check for which the financial institution guarantees payment. Your credit union will freeze the value of the check from the funds available in the checking account.
- **Cashier's** – Available at most financial institutions, usually for a low fee. You can purchase one for any dollar amount and the funds are guaranteed.
- **Money Orders** – Available for purchase at a variety of retailers, including the post office, financial institutions, and check-cashing establishments.

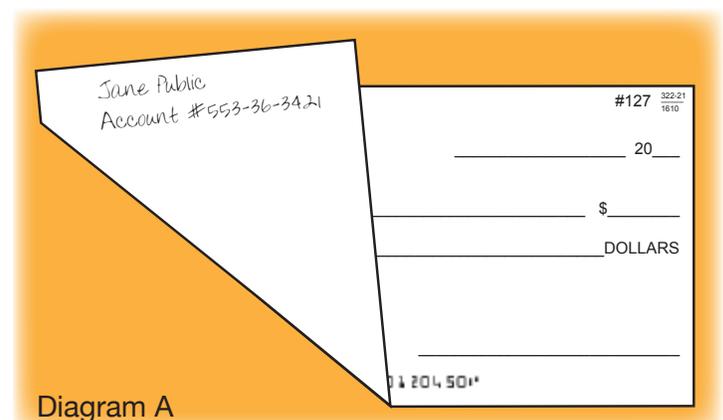
Prevent Fraud

- Never disclose your account number over the phone unless you know you're dealing with a reputable company.
- Never put your account number on the outside of an envelope or on a postcard.
- Draw a line through blank spaces on charge or debit slips above the total so the amount cannot be changed.
- Don't sign a blank charge or debit slip.
- Tear up carbons and save your receipts to check against your monthly statements.
- Cut up old debit and credit cards - cutting through the account number - before disposing of them.
- Open monthly statements promptly and compare them with your receipts. Report mistakes right away.
- Never carry your PIN or write it on your ATM or debit card.
- Never write your PIN on a deposit slip or other papers that could be easily lost or seen.

Endorsing a Check

Checks must be endorsed (signed) before you or someone else can cash them or deposit them into an account. Endorsing a check means making a specific notation on the back of the check so the financial institution will know what to do with it.

- **Blank Endorsement** – if you want a check cashed or deposited into your account. It includes your signature and account number. (See Diagram A)



- **Special Endorsement** – so a third party may cash the check. It will include a specific notation as to who may cash the check, as well as your signature and account number. (See Diagram B)

Diagram B

- **Restrictive Endorsement** – the check can only be deposited into your account and not made out to cash. (See Diagram C)

Diagram C

Please complete exercise #1, page 12.

Depositing a Check

Some financial institutions require a deposit ticket be included with a deposit. If so, you will need to complete the deposit ticket properly: (See Diagram D)

- Date of deposit
- Amount of currency, if you are depositing cash
- Amount of coins, if you are depositing coins
- Amount of the check, if depositing a check
- The total from the other side of the deposit ticket, if information was completed on the back of the deposit ticket – this is usually the total of checks deposited if the number exceeds the room available on the front
- The total amount of the deposit
- Less cash received
- Net (total) deposit

Please complete exercise #2, page 12.

CASH	CURRENCY		
		100	00
	COINS		50
LIST CHECKS SINGLY			
		54	13
		87	00
TOTAL FROM OTHER SIDE			
TOTAL		241	63
LESS CASH RECEIVED		25	00
NET DEPOSIT		216	63

Diagram D

Writing a Check

You can avoid many problems – such as having a check returned to you, resulting in late payments – by properly writing the check in the first place. Fill out the check completely: (see Diagram E)

- The current date
- The payee (person or company receiving the check)
- The amount of the check in numerals
- The amount of the check in words
- Your signature
- A memo to document what the check was for

If you make an error, write “VOID” on a check or fix the error and write your initials next to the change. Be sure to indicate a voided check in your check register.

Please complete exercise # 3 on page 13.

Diagram E

Making a Stop-Payment Order

There may be a time when making a stop-payment order on a check (commonly called “canceling a check”) may be necessary. A stop-payment order makes a check “uncashable” to the payee. To stop payment on a check, you must provide the details of the check and sign off on documentation. The fee to

cover the paperwork involved will be automatically deducted from your checking account. Most financial institutions impose a six-month time limit on stop payment orders.

If you choose to stop payment on a check, you must have legitimate grounds – if you write a check and then stop payment without good reason, you may create civil or even criminal liability for yourself. Placing a stop-payment order on a check may be done for a variety of reasons, including:

- Your mailed check never arrived to its desired destination
- You suspect checks have been stolen
- You wrote a check for a service, but have a legitimate complaint against the service
- You wrote a check for a product, but have a legitimate complaint about the product

Choosing and Sharing Accounts

If you share an account, select one person as the account manager. With more than one account user, monitoring transactions can be complex. Think carefully before agreeing to have a joint account or becoming a co-signer on someone else's account – if they mishandle the account, you could be held responsible for the errors.

Consider all of your account options before deciding which is best for you.

- **Individual** – An account owned by one person. This is a good option for those who want to have total control over the account.
- **Joint** – An account owned by two or more people, usually sharing a household and expenses. Each co-owner has equal access to the account.
- **Senior/student checking** – Many financial institutions offer special checking programs for students and senior citizens.

Your Checking Account Statement

The information included in your checking account statement will help you reconcile (balance) your checkbook. Be on the alert for errors, or evidence of identity theft.

Your checking account statement will contain: (See Diagram F)

- The statement period for the activity in the account
- The account number
- The account summary
- A detailed list of checks that have been cashed
- The monthly maintenance charge for the account
- A list of your withdrawals
- Deposits and other credits
- ATM locations used

MAIN STREET CREDIT UNION		STATEMENT FOR		ACCOUNT NUMBER		
123 Main Street Anytown, USA		Jane Public 321 One Avenue Anytown, USA		867-5309-001		
THIS STATEMENT COVERS 12/20/04 through 1/18/05						
CHECKING ACCOUNT	Previous Statement Balance on 12/19/04				615.04	
	Total of 3 Deposits For				1980.68	+
	Total of 10 Withdrawals For				1705.25	-
	Total Service Charges				3.50	-
	New Balance				886.97	+
CHECKS AND OTHER DEBITS	CHECK	DATE PAID	AMOUNT	CHECK	DATE PAID	AMOUNT
	181	12/24	15.00	184	12/20	1232.27
	182	1/04	17.00	*186	12/31	54.47
	183	12/26	217.54	187	1/05	53.97
	Monthly Maintenance Charge				1/18	3.50
	Withdrawal #00281 at ATM #423A				12/20	35.00
	Withdrawal #02628 at ATM #423A				12/24	40.00
	Withdrawal #02456 Check Card				12/27	20.00
	Withdrawal #08744 at ATM #430E				1/15	20.00
DEPOSITS AND OTHER CREDITS	Direct Deposit from #4039-557				DATE POSTED	AMOUNT
	Transfer at ATM #423A on 12/27				12/21	258.90
	Member Deposit from #05323 on 1/14 at ATM#423A				12/28	1200.00
					1/15	521.78
ATM LOCATIONS USED	423A:	123 Main Street, Anytown, USA				
	423C:	123 Main Street, Anytown, USA				
	430E:	945 One Avenue, Anytown, USA				
At Main Street Credit Union, we value your membership!						

Diagram F

Exercise 1: Endorsing a Check

(refer to page 8 for help)

1. Endorse the following check as you would to obtain cash from the check

2. Endorse the following check as you would so your friend Jerry Davis could cash the check

3. Endorse the following check as you would to ensure that the check is only to be deposited into your account

Exercise 2: Depositing a Check

(refer to page 9 for help)

Complete this deposit ticket with the following information:

- Date: October 25, 2004
- The total amount of the deposit: \$296.75
- Deposit: \$210 in paper money
- Less cash received: \$60.25
- Deposit: 75 cents in coins
- Net (total) deposit: \$236.50
- Deposit: \$86 check

MAIN STREET CREDIT UNION	Jane Public	<table border="1"> <tr> <td>CASH</td> <td>CURRENCY</td> <td></td> <td></td> </tr> <tr> <td></td> <td>COINS</td> <td></td> <td></td> </tr> <tr> <td colspan="2">LIST CHECKS SINGLY</td> <td></td> <td></td> </tr> <tr> <td colspan="2"></td> <td></td> <td></td> </tr> <tr> <td colspan="2">TOTAL FROM OTHER SIDE</td> <td></td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTAL</td> <td></td> <td></td> </tr> <tr> <td colspan="2">LESS CASH RECEIVED</td> <td></td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;">NET DEPOSIT</td> <td></td> <td></td> </tr> </table>	CASH	CURRENCY				COINS			LIST CHECKS SINGLY																				TOTAL FROM OTHER SIDE				TOTAL				LESS CASH RECEIVED				NET DEPOSIT			
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NET DEPOSIT																																														
123 Main Street Anytown, USA	321 One Avenue Anytown, USA (555) 555-5555																																													
Date _____																																														
SIGN HERE IN TELLER'S PRESENCE FOR CASH RECEIVED																																														

Exercise 5: Reconciling Your Checkbook (refer to page 11 for help)

Using the checking account statement and checkbook register below, complete the monthly reconciliation worksheet on page 15:

 123 Main Street Anytown, USA	STATEMENT FOR Jane Public 321 One Avenue Anytown, USA	ACCOUNT NUMBER 867-5309-001																																																						
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At Main Street Credit Union, we value your membership!																																																								

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT	BALANCE	
					493	63
185	12-28	Food Co Market groceries	22 50		471	13
186	12-31	George's Stationery Mom's birthday gift	54 47		416	66
187	1-03	Lily's Pet Palace grooming and dog toys	53 97		362	69
	1-14	ATM Deposit		521 78	884	47
	1-15	check from Troy for rent ATM Withdrawal	20 00		864	47
		spending cash				
	1-21	Direct Deposit paycheck		258 90	1123	37

Exercise 5: Reconciling Your Checkbook (continued)

STEP 1 List all deposits and other credits that do not appear on this statement.

Date	Amount
Total A	\$

STEP 2 List outstanding checks, withdrawals and other debits that do not appear on this statement.

Checks	Amount
Total B	\$

This statement's ending balance	\$	
Add deposits/other credits not yet credited on this statement (Total A) +	\$	
Subtotal =	\$	
Subtract checks/other debits not listed on this statement (Total B) —	\$	
Your current checkbook balance =	\$	

Exercise 6: Action Plan

Use this space to list any additional steps you'll need to take in order to establish a checking account with your financial institution.



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